# Daily Report

# Latin America

FBIS-LAT-90-247
Monday
24 December 1990

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## Latin America

*FBIS-LAT-90-247* *24 December 1990*

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**NOTICE TO READERS:** An * indicates material not disseminated in electronic form.

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## Andean Pact Members Approve Act of La Paz

*PY2112174390 La Paz EL DIARIO in Spanish*
*1 Dec 90 p 6*

[Quotation marks as published]

[Text] "The presidents of the five Andean Pact member nations have verified with satisfaction that the economic policies of the Andean countries are converging increasingly and that these countries have approved the Act of La Paz that seeks to bring about an opening to international trade and investment in ways that will be beneficial to Andean interests.

### The Act

The Final Act of the 4th Andean Presidential Council Meeting notes;

The presidents of Bolivia, Colombia, Ecuador, Peru, and Venezuela, gathered in the city of La Paz, Bolivia, on 29 and 30 November for the 4th Andean Presidential Council Meeting, has examined the recent development of the Subregional Integration Process and the changes being experienced in Latin American relations.

They verified with satisfaction that the economic policies of the Andean countries are converging increasingly, seeking greater efficiency and competitiveness in their economies through the liberalization and opening to international trade and investment in ways beneficial to Andean interests, and the practice of sound economics based on private initiative, fiscal discipline, and a reduced and effective state organization.

They agreed that shared principles of economic policy constitute a particularly favorable factor that will further accelerate subregional integration, so that the Andean Group, firmly consolidated, can intensify cooperation and integration among other regional countries or groups of countries, and can expand ties with the rest of the Continent, and the world.

They resolve to further the integration process, and to that end they adopt the following Presidential Directives:

### 1. Furthering Andean Integration

To further Andean integration, with the objective of creating a common market, the presidents agree to undertake all necessary actions. To that end, the process of aligning economic policies, the promotion of physical and border integration, agricultural development, and the deregulation of the movement of capital, services, and people will be enhanced within the framework of a joint action to modernize the Andean productive establishment and technological capabilities so that the subregion's international competitiveness can be raised and its dynamic incorporation into the world's economy can be expedited.

### Trade

a) They determine to bring forward to 31 December 1991 the creation of a Free Trade Zone. To that end, the following measures will be adopted:

- the acceleration of the Deregulation Program for the automatic reduction of tariffs in 1990 and 1991 so that it can be completed by 31 December 1991.

- the elimination of the Administered Commerce Arrangement by 31 December 1990.

- the elimination of the Reserve List by 30 June 1991.

- the elimination of the Exemption Lists by 31 December 1991, except the annex provisions regarding the Residual Lists.

b) Ecuador will conduct internal consultations to determine its participation in the commitments stated in the previous paragraph so that it can benefit from the new customs advantages accorded by this Andean Presidential Council.

Ecuador will inform the next Andean Presidential Council Meeting of the results of the internal consultations it conducted and its decision regarding these customs commitments.

c) To make Ecuador's participation in this process possible, in addition to applying the instruments of the Cartagena Agreement, the country members will ask the IBD [Inter American Development Bank] and the CAF [Andean Development Corporation] for financial and technical cooperation to create a support fund for industrial restructuring, thus to ease the industrial sector's adjustment to the new expanded-market conditions.

d) To simultaneously bring forward to 1991 the definition of the Common External Tariff and its gradual implementation, until the Andean Customs Union is completed in 1995.

e) The presidents instruct the Cartagena Agreement Board to present in the Andean Foreign Ministers Meetings an analysis of the intra-regional trade situation, as well as an evaluation of the member countries' compliance with the aforementioned commitments, and a report on the obstacles to growth of intra-regional trade.

They also instruct competent domestic officials to complete the removal of noncompliances by 31 March 1991.

### Harmonization of Economic Policies

To promote the coordination of macroeconomic policies, especially the monetary, exchange, financial, and payment policies, the ministers, chiefs of planning offices, ministers of economy or finance, and Central Bank chairmen have been instructed to design a program and a timetable for 1991 based on the progress that has been made, seeking to progressively coordina the above policies. The officials will meet in Santa Cruz de la Sierra in February to discuss this matter.

**Transport, Communications, and Public Works**

The presidents resolve to intensify the efforts being made by member countries to deregulate the area of international transport and communications as a way to support the integration process. To that effect, they endorse the commitments assumed by the ministers of transport, communications, and public works at their last meeting in La Paz.

In that context, they note the importance of Bolivia's physical interconnection with the subregion so that they can fully and effectively participate in the Andean integration process.

The presidents agree, therefore, to undertake the necessary collective and cooperative actions aimed at the participation of all countries in financing a road project to link La Paz with Peruvian ports (Ilo, Matarani).

They ask the Cartagena Agreement Board and the Andean Development Corporation to promote the creation of an Andean Multinational Enterprise to operate and utilize satellite facilities on the basis of the infrastructure that is already installed in Ecuador. The results will be submitted to the next meeting of the Andean Presidential Council Meeting.

**Industry**

The presidents agree to promote the "Andean Strategy for Productive and Industrial Modernization and Integration," convinced that the sector's competitiveness and productive efficiency at the international level are indispensable in a process of definite consolidation and progressive integration of the subregion.

They instruct the Cartagena Agreement Board to examine the "Bolivar Program," which is a project for cooperation between Latin American industrial research centers, so that during the next meeting of the Andean Presidential Council a similar program can be adopted for its possible implementation in the Andean subregion.

The presidents ask the Cartagena Agreement Board and the Simon Bolivar Andean University to jointly maintain a permanent forum where bonds of cooperation between enterprises and universities in the subregion can be fostered.

**Agricultural and Livestock Development**

The presidents agree to promote a common agricultural and livestock policy for the Andean Group by adopting measures to stabilize the prices of agricultural and livestock products, and to gradually eliminate factors that cause price distortions. To that effect, they will coordinate common policies to prevent distortions in this sector that are caused by donations of food.

**Foreign Investment**

To remove obstacles to foreign investment and to encourage free circulation of subregional capital the presidents decide to modify, before 31 March 1991, subregional norms related to foreign investment and the rules for Andean Multinational Enterprises; and particularly those subregional norms related to foreign enterprises' taking advantage of the deregulation program.

The actions to be implemented to create the Andean Common Market by 1995 are specified in the annex to the present Act of La Paz.

**2. Implementation of the Subregional Juridical Order**

The presidents resolve to stress the need to implement the subregional juridical order. To this end, they ask the Andean Foreign Ministers Council and the Cartagena Agreement Commission to form a high-level commission that will prepare a proposal and present it by 31 March 1991. This proposal can include recommendations to reform, if necessary, the Treaty of Creation of the Cartagena Agreement's Justice Court. The Cartagena Agreement Justice Court and the Cartagena Agreement Board will work with the high-level commission so created.

**3. Andean Group and Latin America**

They agree to give priority attention to the objective of a Latin American Common Market, which will be easier to achieve if the integrationist goals between ALADI [Latin American Integration Association] and the subregional groups are made compatible.

The Andean Group will make all necessary efforts to contribute with that convergence through the following actions:

a) In the more immediate term, economic complementation and cooperation with other countries or groups of Latin American and Caribbean countries will be expanded and intensified.

This measure will be established through fields of action and concrete projects that include among others: infrastructure works, transport and communications services, and customs facilitation and modernization services.

b) They will negotiate granting ALADI members a bilateral or regional tariff preference as compared to those currently charged in third countries.

c) They will encourage ALADI member countries to further reduce tariffs among themselves through annual reductions, and to outline a common foreign tariff for full implementation before the end of this decade, which will serve as solid and stable basis for the Latin American Common Market.

**4. Andean Group and the Rio Group**

They agree that since its last summit, all the members of the Andean Pact have become members of the Rio Group. They express confidence that the next meeting in

Rome of the foreign ministers of the European Community and of the Rio Group will open new fields of relationship and cooperation.

**5. Americas Initiative**

Seeking a concrete dialogue within the framework of the Americas Initiative, the presidents propose that the council of Andean countries foreign ministers and the Cartagena Agreement Commission should coordinate a meeting of the presidents of the Andean countries with the President of the United States. They contemplate an agreement for a joint stand that will include basic principles and guidelines in response to the Americas Initiative that will not jeopardize the bilateral actions being conducted by member countries.

They entrust Venezuelan President Carlos Andres Perez to transmit these ideas to the President of the United States on the occasion of the meeting the two presidents will hold in December 1990 in Caracas.

**6. Andean Parliament**

They welcome the request by the Andean Parliament so as to present the Draft Protocol Additional to the Treaty Creating the Parliament, in accordance with Guideline No. 5 of the Machu Picchu Act.

**7. Elimination of Visas for Citizens of the Andean Countries**

Seeking to eliminate barriers for the fluid movement of nationals of the subregion, it was agreed to eliminate within six months the visa requirement for the nationals of the country members of the Andean Pact for periods of up to 90 days. They also agreed to promote the establishment of an Andean system of information and immigration control to facilitate the movement and stay of Andean nationals in the subregion.

**8. Elimination of the Freight Reserve**

Seeking to improve competition in foreign trade, they recommend that the Cartagena Accord Board study and propose to the upcoming meeting of the Andean Presidential Council the elimination of the freight reserve for intra-regional maritime transportation, and for third countries.

**9. Establishment of the "Andean Open Sky" Policy**

A decision was made to establish the "Andean Open Sky." They recommend that the Cartagena Accord Board propose that the "Open Sky" be studied in the upcoming Andean Presidential Council meeting, based on the Venezuelan-Colombian "Open Sky" initiative.

**10. Business and Labor Participation**

Believing that the progress of Andean subregional integration requires fuller participation by the economic sectors, it was decided that the Andean Private Businessmen Confederation will be the organization through which private businessmen will participate in the integration process.

At the same time The Andean Council of Foreign Ministers will define the participation of the business and labor sectors in the works of the Cartagena Accord Commission.

**11. Social Investment Program**

Seeking to ease the effects of the adjustment policies, the presidents instructed those responsible for the Social Investment Program and similar organizations to meet, to exchange experiences, and to promote cooperation among themselves. The meeting will be held in the first two months of 1991 in Lima.

**12. Struggle Against Poverty**

They accept the agreement reached during the 2d Regional Conference on Poverty that was recently held in Quito and have decided to call, in the first two months of 1991, a meeting of organizations responsible for the social policy of the Andean countries, seeking to exchange experiences in this area and to adopt an Andean program aimed at partially solving the serious social problem.

They recommend that the Cartagena Accord Board calls and coordinates that meeting.

**13. Social Security**

Seeking greater efficiency in providing social security, they recommend that the sectors responsible for this area in the Andean countries meet in La Paz in the first two months of 1991. The meeting will consider cooperation between the social security organizations, seeking to prepare an Andean Agreement on Social Security.

**14. Environment**

They reaffirm the sovereignty of the country members of the subregion over their natural resources, and emphasize the need to use all available means to preserve the environment and the promotion of development [as published].

In the search for common positions in international meetings on conservation and the protection of the environment, they recommend that the Andean Council of Foreign Ministers sponsor a high level political meeting of the Amazon Cooperation Treaty.

They recommend that the Cartagena Accord Board calls a meeting of experts of the country members to define the common treatment for the ecological systems of the Amazon and the altiplano region. To do that they must bear in mind the national initiatives, like that taken by Bolivia for the implementation of the Historic Ecological Assessment [Pausa Ecologica Historica]. They ask the IDB for its support for the necessary studies to move

ahead and to adopt a common position. They also believe that the result of that study be considered for a joint position in the 1992 World Conference on Environment and Development.

They entrust the Cartagena Accord Board to coordinate with the governments and to provide the necessary support for the Andean Council of Foreign Ministers and its Follow-up and Coordination Mechanism to carry out this mission.

**15. Andean Indian Policy**

They order the creation of an Intergovernmental Technical Commission to study, with the support of the Inter-American Indian Institute, the real situation of the Indian population and to propose to the Presidential Council an Andean policy that will consider the Indians economic, political, social, and cultural rights.

**16. Struggle Against Drug Trafficking**

They reaffirm the world range of the commitment accepted in the Declaration of Cartagena de Indias on 15 February 1990, and instruct the Andean Council of Foreign Ministers to meet with the U.S. secretary of state to evaluate the fulfillment of that commitment.

They ratify their desire to continue the overall struggle against drug trafficking and the illegal use of narcotics, including other fronts such as the laundering of money and the transportation and control of chemicals for making drugs. Within this framework, they noted the formation of the Group of Permanent Consultation and Coordination for the Struggle Against Illegal Drug Trafficking and Psychotropic Substances during the meeting held on 24, and 25 November 1990 in Santa Cruz de la Sierra, Bolivia. They approve the Bolivian Government initiative to hold an Inter-American conference on the implementation of the OAS "Model Rules for the Control of Precursors and Chemical Products" in the countries of the region. The meeting will be held in La Paz in February 1991.

The presidents approve the decision by this group to hold technical meetings to discuss subjects connected with the illegal movement of airplanes that transport drugs, and the production, purchase, sale, and distribution of weapons and explosives, seeking to prevent their illegal use.

**17. Manufacturing of Food Products**

The presidents will instruct the Cartagena Agreement Board and Committee to conclude, together with the Andean Development Corporation, the studies and procedures for forming a mixed or multinational enterprise for the manufacture of high-protein food products in the region.

**18. Andean Vaccine Bank**

Seeking to create an Andean Vaccine Bank to ensure an adequate supply of this vital element for the health of the Andean population, the Hipolito Unanue Agreement is ordered to organize it.

**19. Social Agreements**

Seeking to reactivate the Hipolito Unanue and Simon Rodriguez agreements, the presidents instruct their health and labor ministers to evaluate the progress made by the agreements, while the Cartagena Agreement Board and Committee will provide the necessary support.

**20. Next Meeting**

The presidents decided to accept the Venezuelan Government's invitation to hold the next Presidential Council Meeting in the Republic of Venezuela, in May 1991.

The presidents of Colombia, Ecuador, Peru, and Venezuela express to the Bolivian Government and people their deep thanks for their warm hospitality and demonstrations of affection and friendship which they received during their stay in La Paz.

Signed in La Paz, on 30 November, 1990.
Jaime Paz Zamora, president of the Republic of Bolivia
Cesar Gaviria Trujillo, president of the Republic of Colombia
Rodrigo Borja Cevallos, president of the Republic of Ecuador
Alberto Fujimori Fujimori, president of the Republic of Peru
Carlos Andres Perez Rodriguez, president of the Republic of Venezuela."

## OAS Approves Belize, Guyana Membership

*FL2112194590 Bridgetown CANA in English 1921 GMT 21 Dec 90*

[Text] Washington, Dec 21, CANA—The Organisation of American States' General Assembly will welcome Belize and Guyana as members of the hemispheric body January 8. The permanent council of the OAS on Thursday unanimously approved applications for membership from the two countries.

For years the two had been barred from membership because of rules relating to territorial disputes with OAS members. Venezuela has a claim to Guyana and Guatemala to Belize. Guyana, however, was nominated by Venezuela. Belize was nominated by Colombia.

The United States, which has remained publicly neutral about the two territorial problems, described the support given by Venezuela and Guatemala to the applications as "not only elegant but practical proof of the potential in this hemisphere for solving disputes peacefully." US permanent representative to the OAS Ambassador Luigi

Einaudi said his government welcomed the two democratic states to the membership of the body.

Speaking on behalf of Caribbean Community member states as well as Haiti and Suriname, the permanent representative of the Bahamas, Ambassador Margaret McDonald said membership by the two countries would help strengthen the OAS and the principles for which it stands." Belize and Guyana bring OAS membership to 35.

## Panama, Costa Rica Join Parlacen

*PA2312205190 Guatemala City PRENSA LIBRE in Spanish 20 Dec 90 p 8*

[Text] Vice President Roberto Carpio Nicolle said on 19 December that Panama and Costa Rica had not previously ratified their membership in Parlacen [Central American Parliament], but did so at the meeting [of Central American vice presidents, which opened on 19 December in Esquipulas, Guatemala].

Panamanian delegate Dr. Jose Raul Mulino indicated that Panama had decided to join Parlacen because of its Central American inclination, the historical and geographical advantages, and the support that area countries have afforded his country.

He added: We also seek to sign regional agreements, as our president, Guillermo Endara, himself stated at the presidential summit in Antigua, Guatemala.

Meanwhile, Costa Rican delegate Dr. German Serrano Pinto expressed the positive attitude of the authorities of his country toward Parlacen and added that Costa Rica would soon show its support for the group by electing its Parlacen members.

At a working session during the afternoon of 19 December, the vice presidents discussed the establishment of Parlacen, international support for Central American businesses, reports on EEC cooperation on the isthmus, the Special Plan for Central American Cooperatives (PEC), and science and technology applicable to the region.

They also discussed the declarations and resolutions issued by the Central American presidents at their meeting in Puntarenas, Costa Rica over the past weekend.

Finally, Esquipulas Mayor Manuel Madroes declared the Central American vice presidents distinguished guests and decorated Vice President Roberto Carpio Nicolle with the Order of Santiago de los Caballeros de Esquipulas, the first official to receive this distinction.

## Cuba

### Isidoro Malmierca Comments on U.S. Relations

*FL2112185790 Havana Radio Progreso Network in Spanish 1725 GMT 21 Dec 90*

[Text] Cuban Foreign Minister Isidoro Malmierca has given a news conference for the Cuban press during which he extensively discussed interesting subjects related to international politics. Among them, the status of relations with the United States was brought up repeatedly. Asked about the consequences of the CSFR's decision to discontinue representing Cuba's interests in Washington, Malmierca stressed that it should not have any repercussions. He stated that in the next few days there may be an announcement about the country that will now represent us.

He recalled that, in the recent past, the United States has tried to intensify the economic embargo against our country as a sign that there has been no improvement in Washington's attitude toward the Cuban revolution. Foreign Minister Malmierca reiterated that Cuba does not accept any discussion of its relations with the United States without Cuba's presence. The Tlatelolco Treaty and Cuba's position on the signing of the treaty reminded Malmierca that the conditions that led to not doing so are still in place: The possession of nuclear weapons by Cuba's main enemy, the United States.

### Alarcon Praises Security Council Resolution

*FL2112154790 Havana Tele Rebelde Network in Spanish 1454 GMT 21 Dec 90*

[Text] The news agency EFE reports from the United Nations that Cuban Ambassador Ricardo Alarcon has said that the Security Council resolution and the statement by its president, (Salik Al-Astal), concerning the Palestinian cause are a modest step in the right direction. Alarcon stressed the importance of the first paragraph of the resolution's preamble, which reaffirms that Israel is obligated to comply with this decision. The UN Security Council unanimously approved yesterday a resolution on protecting the Palestinians, and later the general emphasis of the statements focussed on the need for an international conference on peace in the Middle East.

Yemeni Ambassador (Al-Astal), who holds the Council Presidency, expressed his disappointment that it had not been possible to set a date for the international conference, which is something the Council should try to do immediately. Colombian Ambassador Enrique Penalosa recalled the sad situation the Palestinians have been suffering for 23 years, and stressed the international community's obligation to seek a peaceful, permanent solution, which will only be possible through a conference.

### Diaz-Balart, Menem Discusses Nuclear Energy

*FL2112191290 Havana Radio Progreso Network in Spanish 1725 GMT 21 Dec 90*

[Text] Argentine President Carlos Saul Menem has met in a special audience with Fidel Castro Diaz-Balart, the executive secretary of the Cuban Atomic Energy Commission, who is on an official visit to that South American country. A source from the Cuban delegation has reported that, at the meeting, the president expressed interest in increasing Argentine-Cuban relations in developing nuclear energy for peaceful purposes. The source added that Carlos Saul Menem also expressed interest in hearing about Cuba's development in applying nuclear energy and the possibilities of expanding cooperation in the context of Latin American integration.

For his part, Raul Mondino, president of the Argentine Atomic Energy Commission, praised as very positive the cooperation between his country and Cuba, citing as an example the construction in Cuba with Argentine technology of a plant for radioisotopes used in medical applications.

### Soviet Women Praise Chernobyl Children Care

*FL2012153390 Havana Tele Rebelde Network in Spanish 1200 GMT 20 Dec 90*

[Text] A group of women from the Soviet Union has expressed their gratitude to the Cuban authorities for the care provided to children from various republics of the USSR affected by the Chernobyl nuclear accident. The thanks were expressed during an event held at the offices of the Soviet Women's Committee in Moscow. The meeting was chaired by Cuban Ambassador to the USSR Jose Ramon Balaguer, who answered questions from those attending about the current situation in Cuba and its socioeconomic development, especially its progress in the field of public health. One of the Soviet doctors who participated in the meeting mentioned the Russian Federation's interest in assimilating the Cuban experience with family doctors.

### Tourism Relations With Jamaica Resumed

*FL2012155090 Havana Tele Rebelde Network in Spanish 1305 GMT 20 Dec 90*

[Text] Relations between Cuba and Jamaica in the tourism sector have resumed with a tourist flight between Santiago de Cuba and Montego Bay. Sponsored by the Cubanacan and Sun Holiday companies, these optional flights have begun for tourists in transit from one country or the other. They are scheduled once weekly on Fridays between the two Caribbean cities. Thirty Finnish tourists on vacation in Santiago de Cuba traveled yesterday morning to Montego Bay on a Cubana de Aviacion Yak-40, which returned with a similar number of Jamaicans and travelers of other nationalities.

## Inter-Carribean Affairs

### OECS Minister Comments on Political Union

*FL2112205090 Bridgetown CANA in English 1200 GMT 21 Dec 90*

[Text] Roseau, Dominica, Dec. 21, CANA—The minister here for Organisation of Eastern Caribbean States [OECS] unity, Brian Alleyne, says Dominicans regard a regional plan for a political union as a priority. He was reacting to complaints that a debate on unity here last Monday was poorly attended.

Six of Dominica's ten delegates to a constituent assembly set it up to pave the way for the union, and an audience of fewer than thirty persons turned up.

"An issue like OECS unification is not a matter that generates a lot of excitement," Alleyne said in an interview with the Caribbean News Agency [CANA]. He admitted that insufficient publicity was given to the meeting, which competed with a variety of Christmas season activities.

"My meetings in different groups and organisations have been very good...While people start generally with a lack of awareness, a lack of knowledge of what we are driving at, as the discussion progresses, there is a tremendous amount of interest, and people ask some very good questions," Alleyne said. Dominicans, he said, are generally very supportive of the move towards political union for the OECS territories.

The OECS comprises Dominica, St. Lucia, Grenada, St. Kitts and Nevis, Antigua and Barbuda, St. Vincent [and the Grenadines] and Montserrat.

### Development Loans to Haiti, Trinidad Approved

*FL2212173090 Bridgetown CANA in English 1637 GMT 22 Dec 90*

[Text] Bridgetown, Barbados, Dec 22, CANA—The Inter-American Development Bank (IDB) has approved two loans of U.S. 500,000 dollars each for the benefit of small farmers and businessmen in Trinidad and Tobago and Haiti. According to the latest issue of the bank's newsletter, Haiti will get 500,000 dollars from the IDB special operations fund to provide financing and technical assistance to 1,500 small-scale farmers, food processors, service providers, and artisans in rural areas.

Trinidad will receive 500,000 dollars from the same fund to launch or expand small businesses of 300 low income urban residents recently trained in vocational programmes. The Trinidad programme will be executed by the Trinidad and Tobago Development Foundation, through a revolving credit fund.

The Haiti programme will be administered by Haitian Association of Benevolent Agencies, which will channel the resources through cooperatives, community associations, and other grassroots organisations.

Organisations involved in administration of the projects will receive institutional strengthening grants of 164,000 dollars and 115,000 dollars (U.S.) in the cases of Haiti and Trinidad and Tobago respectively.

The bank's newsletter also reports continued work in Haiti on a bank-financed project to expand the storm drainage system in Port-au-Prince, the capital, in an effort to reduce flooding and the spread of water-borne disease.

### Douglas Urges Full Caricom Status for Haiti

*FL2212184090 Bridgetown CANA in English 1802 GMT 22 Dec 90*

[Text] Basseterre, St. Kitts, Dec 22, CANA—Opposition leader Dr. Denzil Douglas, praising Haitians' conduct during the mid-December elections, has urged speedy admission of the French-speaking Republic to the Caribbean Community (Caricom). Douglas, part of an international observer presence at the December 16 elections, said regional governments should set about moving Haiti from observer status to full Caricom membership "so that we can meaningfully help in the economic development of that troubled country as we further strengthen democracy there."

The leader of the St. Kitts-Nevis Labour Party, in a statement here Saturday, also urged immediate international emergency aid and relief to improve living standards in Haiti.

Douglas noted that international observers led by former U.S. President Jimmy Carter deemed the elections "free and fair" and candidates indicated no serious complaints with the campaign period. "While there was some tension that existed and one serious incident of violence, the campaign was conducted in a remarkably peaceful manner," he said.

He complimented interim President Ertha Pascal Trouillot for her commitment to the election process, the election authority for management of the process, the military for assuring peace, and priest Jean Bertrand Aristide for his successful election campaign.

"But we must not forget the role that the people of Haiti have played in this march towards democracy. They overcame real fears of violence and stood patiently in their millions in long lines to realise their dream of a better life for a democratic Haiti," he remarked.

### Caricom To Seek Aid at Environment Conference

*FL2212155090 Bridgetown CANA in English 1508 GMT 22 Dec 90*

[Text] Castries, St. Lucia, Dec 22, CANA—Caribbean Community (Caricom) countries will be seeking special assistance at an international conference on the environment in Brazil in 1992, the director of the Caribbean Environmental Health Institute [CEHI], Dr. Naresh Singh, has said here. Singh told reporters that the St.

Lucia based CEHI and Trinidad and Tobago were spearheading an initiative aimed at the formation of an Alliance of Small Islands States (AOSIS), a negotiating body which would represent the interest of the region at the UN conference in Brazil.

"We would seek to get a special position for small island states in terms of assistance because of the fact that they contribute least to the problem of climate change, while they are expected to suffer most from this issue," Singh said.

Environmental officials said that the Brazil conference has assumed added importance, when viewed against the information released by the second World Climate Conference in Geneva last month. At that conference it was reported that the world climate is expected to change by 0.2 to 0.3 degrees Celsius per decade over the next century, if the level of global warming continues at its present rate. Singh said that the impact of the global warming on the Caribbean would result in either sea level rises or a change in the frequency and intensity of storms and rains.

He said AOSIS will endeavour to negotiate for a more equitable transfer of technology within the world. Singh said that the Brazil conference could result in charting a new beginning for environmental issues and a second chance for a new international economic order.

"We would need to look at the resources in the world, the comparitive advantages of nations as they proceed to define the objectives for development and meeting the needs of their people," he noted.

He said while in the past developed countries had used policies that "devoured" much of the environment, "they are starting to make requests for a change in the approach to energy use in the developing countries" due mainly to the problems confronting the environment.

### PCDPPP To Be Phased Out in March 1991

*FL2212143590 Bridgetown CANA in English 1405 GMT 22 Dec 90*

[Text] St. John's, Antigua, Dec 22, CANA—The Pan Caribbean Disaster Preparedness and Prevention Project (PCDPPP) is gearing for a phase-out in March 1991. The organisation, which advises on how to avoid disasters or operate in their aftermath, says it will be succeeded by a regional disaster response agency.

A statement from the PCDPPP said that during the final meeting of its advisory board, the PCDPPP endorsed the decision of Caribbean Community [Caricom] heads of government to establish a regional disaster response agency.

"A number of decisions on future arrangements were taken. The board noted and endorsed the decision of the Caricom heads of government that a disaster response agency should be established by the start of the 1991 hurricane season (June 1, 1991) to facilitate timely and effective response to members struck by disasters in the future," the organisation reported.

The PCDPPP was started in 1981 as an eighteen-month effort to support the region in developing its emergency management capacity in time of disasters. The United Nations Disaster Relief Organization (UNDRO) has been responsible for the overall management of the PCDPPP and collaborated with the League of Red Cross Societies (LRCS) and the Pan American Health Organization (PAHO) in implementing the activities. Together with the national governments they have implemented a wide range of activities which have contributed to the region's ability to anticipate, plan for, respond to, and recover from any possible natural or technological hazard.

The disaster preparedness organisation said the advisory board meeting, which was chaired by Caricom, also reviewed proposals made by an independent evaluation of the PCDPPP for successor arrangements required to continue the regional collaboration in the areas of disaster mitigation and emergency planning.

"The meeting agreed that UNDRO should take the lead in establishing a regional programme coordination office for the Caribbean and that this programme coordination office be responsible for the secretariat functions of the Council of Caribbean National Disaster Coordinators," it reported.

"The meeting also agreed that an advisory panel to the council of national disaster coordinators be established to allow for participation of a wider range of interest in the council," it said.

Suggested panel members included Non-Governmental Organizations (NGO's), specialized agencies such as those working on meteorology and seismology, and the private sector as well as representatives of United Nations agencies and donors active in the region. The advisory board also gave its support to the concept of the development of an Organisation of Eastern Caribbean States [OECS] disaster and emergency management unit to deal with the continued upgrading of the emergency management systems of the OECS member states.

## Bahamas

### Rescued Cuban Refugees Housed in Nassau Prison

*FL2112221590 Bridgetown CANA in English 2102 GMT 21 Dec 90*

[Text] Nassau, Bahamas, Dec. 21, CANA—Fifty Cuban political refugees who were shipwrecked in the Bahamas Sunday are being temporarily housed in a Nassau prison, spokesmen for the Cubans told a news conference here. The Cubans said they are being treated well by Bahamian prison officers, but they do not like staying in prison.

The four women in the group will eventually stay with Rosalia del Campo Bacardi, a wealthy resident of the exclusive Lyford Cay residential area outside Nassau. The Anglican Church here said it will allow the 46 men to stay at the old St. John's College Campus in Nassau as soon as it can make arrangements. The Bahamas Red Cross Soceity has appealed to Cubans living in the Bahamas and Florida to donate food, clothing, and cots. An official from the United Nations was expected in Nassau Friday to help the Bahamas Government deal with the matter.

The Cubans' boat ran onto a reef and broke apart off the remote island of Acklins in the southeast Bahamas. They were brought to Nassau by the Bahamas Defence Force on Tuesday.

## Dominican Republic

### PRD Executive Committee Rejects IMF Accord

*FL2112192690 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 21 Dec 90*

[Text] The Dominican Revolutionary Party [PRD] has rejected the possible economic measures that would result from the proposed accord with the IMF as they would affect most seriously the sectors with the lowest income.

The PRD position was contained in a document announced by its executive committee. In its text the political organization expresses that, on the occasion of the negotiations that the government is carrying out with the IMF, and given the declarations of some politicians, certain people are interested in making the PRD appear as a backer of these negotiations. The political organization clarifies that when it came to power in 1978 it found the country with a stagnant and constricted economy and with employment and wage levels completely frozen.

### Editorial Praises Balaguer on IMF Accord

*FL2112191690 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 21 Dec 90*

[Station "editorial": "The Pact With the IMF"]

[Text] President Balaguer made pronouncements yesterday that are noteworthy, hopeful, coherent, firm, and informative. The president of the Republic made clear that the question is not whether to sign an accord with the IMF, but rather is what is to be signed. It is neither good nor bad to sign with the IMF, but rather what it is that you sign with that institution. He also stressed: On this matter, I make myself responsible, and I will sign nothing that would harm the country's sovereignty and much less anything that would damage the well-being of the poor, who are already burdened by inflation. He indicated that no one should think there would be violence or greater difficulties. What is certain is that the country will have to adopt austerity measures to permit the renovation of the economy and to eliminate the serious distortions that have prevailed for years.

President Balaguer's declarations provide much hope and give a clear explanation in the midst of the murky speculation that dominates the current atmosphere. Many say and repeat things that have no foundation, and very few are actually familiar with the truth of the matter. If the Dominican Republic signs an agreement with the IMF now, this agreement would clean up the nation's economy and serve as a foundation for an ever greater, stronger, and more progressive reactivation of our process of economic and social development. Congratulations [to president Balaguer].

## Grenada

### Governor General Forecasts Balanced Budget

*FL2212180090 Bridgetown CANA in English 1654 GMT 22 Dec 90*

[Text] St. George's, Grenada, Dec 21, [date as received] CANA—Grenadians can expect a balanced budget "aimed principally at.... promoting export led growth" and reducing unemployment, Governor General Sir Paul Scoon told Parliament Friday as he delivered his annual throne speech. Sir Paul said the budget will seek to "reduce unemployment with a view to ultimately eliminating it." He said 1991 will see efforts to build a modern and adequate infranstructure of roads, water, electricity, sewage, and housing.

"In macro economic terms my government forecasts an increase in real growth of six per cent of gross domestic product, containment of inflation at four per cent, and improvement in the current account of the balance of payments," Sir Paul declared.

The governor general said the government will "in as far as possible" implement the recommendations of a national consultative committee on the review of the fiscal system. This committee was charged with reviewing the existing fiscal system to replace it with one that is responsive to economic growth and is revenue yielding, he explained. The committee in a yet to be released document called for retrenchment in the public service as a means of cutting government spending.

"Public expenditure will be rationalized so as to effect economies and to reduce wastage in public spending," said Sir Paul. He announced that the government plans to strengthen its revenue collection system both at the port and at the Inland Revenue Department.

Based on the throne speech, the budget will call for strong performances in the tourism and manufacturing sectors. Tourism showed robust growth in 1990, achieving rates of approximately 20 per cent. Sir Paul said the growth in this sector was attributed to improved

airline connections with Grenada, increased hotel capacity, and more "dynamic promotion overseas."

However, agriculture showed a decline of about one per cent. This fall was blamed on declining prices on the international markets. The governor general said the government will continue the agricultural rehabilitation and crop diversification project started by its predecessors in 1985. The programme is scheduled to end in early 1991 but Sir Paul said: "It has laid the foundation for future growth in diversification."

The government will also continue assistance to fishermen throughout the country in addition to monies the Japanese Government is giving to the fisheries sector. There will also be a three year development strategy that will cover 1991-1993.

## Haiti

### CEP Officially Proclaims Aristide Victory

*PA2312224290 Paris AFP in Spanish 2201 GMT 23 Dec 90*

[Text] Port-au-Prince, 23 Dec (AFP)—Haiti's Provisional Electoral Council [CEP] announced today that Father Jean-Bertrand Aristide, 37, has been elected president of the Republic by "an absolute majority of votes."

Polls showed that Aristide, a charismatic defender of the country's poor and its youth, was a clear winner from the first hours of the vote count of the presidential elections held a week ago.

### More on CEP Partial Elections Results

*FL2112190390 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 21 Dec 90*

[Excerpt] [passage omitted] According to the latest partial results published very late last night, Father Jean-Bertrand Aristide now has 67-68 percent of the vote. Marc Bazin has 13 percent; Louis Dejoie, 13 percent; and Sylvio Claude, almost four percent. Meanwhile, the seven other candidates together have not attained three percent of the votes. [passage omitted]

### De Ronceray Reports 'Peace Mission' to URN

*FL2112194090 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 21 Dec 90*

[Text] Hubert de Ronceray informs that he performed what he calls a peace mission to Roger Lafontant's party, the Union for National Reconciliation [URN] following the attack which occurred in Petionville on 5 December. He said he took this step to prevent the country from becoming involved in further bloody confrontations.

Thanks to the positive results of his mission, the polling day transpired without major incident all over the country, says the leader of the Mobilization for National Development [MDN], Mr. Hubert de Ronceray.

If we examine this statement more deeply, De Ronceray is alleging that he played a more important role in providing security for last Sunday's elections than the Haitian Army.

Mr. De Ronceray who we contacted by phone, announced that his party will declare its position on the elections after the results have been officially published.

### Human Rights Groups Issue Elections Statement

*FL2112130590 Bridgetown CANA in English 1148 GMT 21 Dec 90*

[Text] Bridgetown, Barbados, Dec 21, CANA—Six human rights and religious groups have called for international aid to boost Haiti's social and economic development. The groups are the National Coalition for Haitian Refugees, Americas Watch, Caribbean Rights, the Lawyers Committee for Human Rights, the Lutheran World Federation, and the Evangelical Lutheran Church in America. They were among organisations represented by observer teams during Haiti's December 16 elections.

"We call on the international community to support the Haitian people's aspirations for democracy by providing assistance for economic and social development in accordance with the needs expressed by its freely elected government," the groups said in a joint statement released here. They described the poll as "the first truly free and democratic" one in Haiti.

"The election of December 16, 1990 was certainly impaired by logistical problems, confusion in certain instances about correct procedures, and scattered, small-scale improprieties, but these, in our view and that of other international observers did not affect the expression of popular will," they said.

"On the contrary, we believe the election represents a giant step toward establishing the rule of law in Haiti.

"A great deal of credit goes to the Provisional Electoral Council which carried out its responsibilities exceedingly well, considering the difficult political circumstances and the country's lack of electoral experience."

The groups urged the armed forces "to work with the newly elected government to implement other provisions of the Constitution, particularly those that call for the separation of the police and Army and that require military abuses of human rights to be tried before the civilian courts."

They hoped the armed forces would "work with the new government to bring to justice those responsible for the most notorious human rights abuses of Haiti's turbulent past." They expressed concerned at the violent death on December 17 of a woman taking part in post-election celebrations. According to witnesses to the tragedy, the visibly pregnant woman was shot by a member of the

Port-au-Prince police who was ordered by his superior officer to open fire on a crowd.

"The Army's denial of any role in the incident is of grave concern and threatens to undermine the support so justly earned by the armed forces on election day," the groups said.

"It is essential therefore to open immediately an independent investigation to determine responsibility for the killing, arrest, and prosecute those responsible. Respect for human rights is the only reliable guarantor of the democracy that Haitians have begun to build."

### Foreign Powers, Observers Offer Congratulations

*FL2212123590 Port-au-Prince Radio Metropole in French 1700 GMT 21 Dec 90*

[Analysis of foreign reactions to Aristide Presidency by correspondent Clarens in Port-au-Prince on 21 December—live or recorded]

[Text] While the Provisional Electoral Council [CEP] has not finished counting the presidential ballots from 1o December, the international community and the foreign press already consider the candidate of the National Front for Change and Democracy [FNCD] as the new president of Haiti. Jean-Bertrand Aristide's victory is clear and obvious, say members of the French Parliament, observers of the 16 December vote. U.S. official Bernard Aronson, state secretary for Inter-American Affairs, has stated that the former Saint-Jean-Bosco priest was, in his eyes, the apparent president of Haiti.

All these statements and international accolades, four days after the elections, precede official publication of the final results by the CEP. The fact that Aristide's victory is not yet official does not prevent anyone from seeing clearly that the youngest candidate has become the first citizen of the Republic. Aristide himself understands it so well that he has already begun preparing to receive the presidential sash on 7 February 1991.

For this occasion, Jean-Bertrand Aristide would like to gather the world's greatest personalities in Port-au-Prince. He has already invited U.S. President George Bush and liberation theologian, Gustavo (Bof). Other heads of state and foreign governments wish to attend the inauguration of the new Haitian Government. Messages of congratulations from the whole world surge into the FNCD political offices, including one from the French president, Francois Mitterand, from the Argentinian president, Carlos Menem, and one from the German Government.

If everything goes smoothly during the two months, up until 7 February 1991, there will be a great celebration on the day of the inauguration of the new head of state. On that day, roosters will fly alongside doves, and probably FNCD balloons, in the skies of Haiti. Meanwhile, the FNCD staff and the new future president meet frequently to prepare a strategy for starting a new government.

During private conversations with U.S. officials, Jean-Bertrand Aristide has begun to curb his leftist position to one that is more centered. Bernard Aronson has commented that Aristide has taken a good direction. Today, the main worry of the U.S. officials concerns a fear that the Army and the Duvalierists may begin to disturb the political scene in order to prevent the official appointment of Jean-Bertrand Aristide. The Americans would like the results of the 16 December ballot to be scrupulously respected.

Aristide is not our cup of tea, our best choice, but we are going to openly negotiate with him, stated a high-ranking U.S. State Department employee. It is undoubtedly reassuring to the U.S. since Russian intervention in the Caribbean has lost some of its direction and force. According to Bernard Aronson, relationship between Washington and Jean-Bertrand Aristide has started on the right foot, beginning with last Monday's meeting last Monday among U.S. Alvin Adams, other U.S. observers, and Jean-Bertrand Aristide.

Aronson points out that he trusts this meeting sent a clear signal to the Haitian Army: Washington supports the electoral process, as well as the winner, Jean-Bertrand Aristide. Another U.S. official from the State Department pointed out in the NEW YORK TIMES that it was important to send that signal to the Army and to the Duvalierists.

Having won the international opinion and the U.S. opinion—which was very hesitant in the beginning—Jean-Bertrand Aristide announced his intention to work with the national institutions: The Army, the businessmen, and the leaders of the opposition in order to reconcile and to unify the Haitian community and to definitely put it on the road to democracy.

It does not seem then that the young democracy will lack financial aid under the presidency of the former priest of Saint-Jean-Bosco. France has promised to increase its assistance, as has the Caricom; the European Economic Community might provide a contribution of $200 million, and since last Monday, U.S. State Department and Defense Department officials are seriously studying ways to considerably increase their help to Haiti, which until now, had been $50 million a year. In addition, the Pentagon is now considering conditions under which it could assist with medical equipment to the Haitian Army.

### Perez de Cuellar, Menem Congratulate Aristide

*FL2112201090 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 21 Dec 90*

[Text] UN Secretary General Javier Perez de Cuellar and Argentinian President Carlos Saul Menem offered their

congratulations to Father Aristide for his triumph in the Sunday elections. They said they already consider him the elected Haitian president, even before the proclamation of definitive results.

In a letter to Father Aristide, the UN secretary general tells the new president that the UN is ready to support his government and to accelerate the economic and social development of Haiti. The fact that the Haitian people freely chose Father Aristide as president shows the confidence and hope they have placed in him.

The Argentinian president says he is convinced that last Sunday's elections represent a step which will permit Haiti to enter into the great family of countries that are creating democracy in Latin America and the Caribbean. The Aristide government will allow the relations between Haiti and Argentina to be reinforced.

UN Secretary General de Cuellar also cited the historical role President Ertha Pascal Trouillot played in the realization of these elections. Through the president he congratulated General Herard Abraham, head of the Army general staff, for the well-coordinated security assistance the Haitian Armed Forces provided during the electoral process, enabling the elections to unfold without [major] incident.

## St. Lucia

### Ministry Reports Deteriorating Trade Balance

*FL2112181090 Bridgetown CANA in English 1645 GMT 21 Dec 90*

[Text] Castries, St. Lucia, Dec 21, CANA—St. Lucia's negative trade balance increased by more than EC 10 million dollars (one East Caribbean dollar = 37 U.S. cents) during the first six months of the year, according to the latest figures issued by the Ministry of Trade and Industry. It said that during the period January to June this year, the island had a negative trade balance of EC 193.3 million dollars as compared with EC 183.1 million dollars for the same period last year.

The ministry said that imports rose by more than seven million dollars on the 1989 figure, reaching 348.07 million dollars in 1990. In 1989 the figure was EC 341.3 million dollars. Exports, however, showed a slight decline dropping from EC 158.1 million dollars in 1989 to EC 154.7 million in 1990 dollars, a decrease of 2.16 percent.

The ministry said that there was a five percent widening of the visible gap, which "is perhaps accounted for by the influx of construction-related imports and cost increases tied to inflation, while at the same time the value of St. Lucia's main export, banana, suffered losses consequent on a decline in the value of sterling against the dollar." Imports of machinery and transport equipment increased from a value of EC 79.1 million dollars in 1989 to EC 83.1 million dollars in 1990, the ministry added.

### Church Official Applauds Aristide Presidency

*FL2112212090 Bridgetown CANA in English 1239 GMT 21 Dec 90*

[Report by Earl Bousquet]

[Text] Castries, St. Lucia, Dec. 21, CANA—Vicar General of St. Lucia's Catholic Church, Patrick Anthony, has welcomed the news that a Catholic priest will become the next president of Haiti.

Monsignor Anthony said Haitian people voted for Father Jean-Bertrand Aristide on December 16 "because they were fed up with the traditional politicians."

"When people are fed up with politicians," he remarked, "they look for guidance from people who are not self-interested, who will not use them for their own ends, and who, by their lifestyles, are seen to be genuinely interested in service to others." The outspoken churchman said there were lessons in Aristide's electoral victory for those politicians here who feel priests should not speak out on what they perceive as injustice in their societies.

"In light of all the experiences in world history and the latest result in Haiti, I find it strange that supposedly responsible politicians can tell priests like myself to remain in the sacristy," he remarked. He said the main lesson from Haiti "is that the people, led by a priest, have shown that the integrity of politics as a human institution can be restored by the people."

## Trinidad and Tobago

### Robinson Launches New Social Program

*FL2112182090 Bridgetown CANA in English 1730 GMT 21 Dec 90*

[Text] Port of Spain, Trinidad, Dec 21, CANA—Trinidad and Tobago's prime minister, A.N.R. Robinson, has launched a social programme aimed at assisting the poor, the unemployed, vulnerable, and socially disadvantaged groups in the community. In launching the "Each Community Helping Out" (ECHO) programme, Robinson told reporters on Thursday it was one of the several policy instruments to encourage the widest possible participation of citizens of the country in the process of decision-making and national development.

Government has allocated ten million dollars (one TT dollar = 23. 5 cents U.S.) towards the programme. Government is expanding the daily feeding programme from 2,400 persons to 6,000 persons. ECHO will also identify successful community programmes aimed at helping unfortunate groups, by providing financial support to allow for further expansion.

Robinson said the specific functions of the committees throughout the twin-island state will be to assist the unemployed through the development of community-based job and creation opportunites. The communities

will also assist in the rehabilitation of run-aways, drug addicts, vagrants, abused, and other socially deprived groups.

"It is to create better communitites and by extension, a better Trinidad and Tobago, based on the restoration of dignity, respect for others, brotherly love, and reduction of the superficial barriers that separate us as a people," Robinson said.

### NAR, Robinson Government Prospects Examined

*FL2212170090 Bridgetown CANA in English 1547 GMT 22 Dec 90*

[Report by Linda Hutchinson]

[Text] Port of Spain, Trinidad, Dec 22, CANA—For the second time in two years, Trinidad and Tobago's ruling National Alliance for Reconstruction (NAR) has lost important by-elections, causing tongues to wag about the life expectancy of the A.N.R. Robinson government. The latest poll in December was to fill a vacancy in Diego Martin Central created by the death of former government parliamentarian Leo des Vignes. He died while undergoing an operation for a gunshot wound sustained in a late July coup attempt by the Jamaat al Muslimeen led by the Imam Yasin abu Bakr.

Riding on the crest of popularity prior to its 1986 general elections victory, the NAR has been facing rejection mainly because of its International Monetary Fund-backed measures to curb excess spending and stem a decline of the economy. The government approached the IMF in its second year of its five year term in office when the treasury went empty.

Faced with an unstable economy, internal squabblings which caused a breakaway faction to form another political party, the United National Congress, the government has been trying to keep its head above water to continue its term in office which expires at the end of next year. The battle-scarred regime managed to overcome the coup attempt of Bakr and 113 followers who accused it of seeking the interest of the rich and neglecting the poor.

In the 1991 budget, with the changing fortunes of the country's crucial oil industry, the administration promised not to return to the IMF and to give back the 10 per cent salary cut and cost of living allowances it had taken from workers in 1989. The harsh policies including the salary cuts and increased taxes seem to be paying off in its fourth year with reports of a turn around in the economy.

According to the Central Bank's 1990 review of the economy, there were "definite signs of a recovery in 1990, bringing to an end seven consecutive years of decline." The review cited the "enhanced performance" in the petroleum sector as the primary factor leading to the recovery. It projected there would be 0.7 per cent growth by yearend. Finance Minister Selby Wilson, while lauding the performance of the government in his presentation of a seven billion dollar (one TT dollar = 23.5 cents U.S.) 1991 budget, announced that the country would not go to the IMF for a third time.

With all these "pluses" for the government, Robinson and his cabinet are still perceived as very unpopular with the masses. For one, the government now faces "open war" from the public sector unions who are demanding that workers be paid everything they are owed. At a recent party convention, Robinson told supporters, that the government was not in a popularity contest.

"Any government that makes unpopular decisions but in the best interest of the country is not a popular government. But we are not in a popularity contest," he told delegates at the Chaguaramas Convention Centre.

In the December 17 by-election, seen as a referendum by political pundits, the NAR's candidate former senator and health minister, Clive Pantin, lost by more than 1,000 votes. Pantin, described as the most "moral" person in the cabinet has since quit active politics. His parliamentary secretary Ken Butcher, a few weeks before the convention made a call for the party to replace Robinson.

"If we have to win any election now, we have to replace Robinson," Butcher had told his constituents. Following his remarks, Butcher was severely rebuked by Robinson and loyal supporters. He plans to resign from his junior ministerial position at the end of the December.

Patrick Manning, political leader of the People's National Movement [PNM] which won the by-election, feels the ruling party does not have any more credibility with the people."It's obvious all around; disenchantment, disillusionment, frustration is coming from the people towards anything that the government does," he told the CARIBBEAN NEWS AGENCY.

"I don't feel sorry for them. They made too many promises, which now they cannot keep," said Manning. He argues that the NAR's "stakes" were very high in the by-election as they "gambled" with their "best man" but lost. University of the West Indies political scientist Dr. Selwyn Ryan does not see the NAR returning to office when its term expires in December 1991.

"It is clear now, having lost this constituency, which is the best social composition, the NAR cannot now win any seat," he said. Ryan sees the PNM which ruled for 30 years prior to their heavy defeat by the NAR in 1986, gaining more popular support. The NAR's public relations officer, Lennox Raphael, disagrees.

"The NAR still has a very strong hold with the population despite what the so-called political analysts and pundits may have to say," he said. Raphael contends that with a higher turnout at the polls, his party would have won. He argued that many people do not generally turn out to vote in a by-election.

"We're not worried. We know we're a strong team to contend with," he said.

The prime minister does not seem very bothered by the outcome of the by-election either, or so he told reporters. "I have no doubt about the future of the NAR," he said. "The support for the NAR is sound. We have a firm foundation on which we can build."

Robinson, who was shot during the coup attempt by the Jamaat, led the political campaign in the constituency in west Trinidad. Last year, in May, the NAR also lost a local government by-election in Guico/Cumuto in east Trinidad. The seat was won by the United National Congress, led by one time NAR deputy political leader, Basdeo Panday.

### RSS Thanked for Services Following Coup

*FL2112154590 Bridgetown CANA in English 1424 GMT 21 Dec 90*

[Text] Port of Spain, Trinidad, Dec 21, CANA—Trinidad and Tobago's Minister of National Security Selwyn Richardson has congratulated the Regional Security System (RSS) for its services to the government following a coup attempt here in late July. In a letter to Colonel Deighton Maynard, acting chief of staff of the Barbados Defence Force, Richardson described the performance of the multi-national RSS as excellent.

"I wish to convey to you on behalf of the government and people of Trinidad and Tobago, and on my own personal behalf our deep appreciation for the excellent performance and service rendered by the officers and men of the Regional Security System during our recent national crisis," Richardson said in the letter.

Following the unsuccessful coup attempt on July 27, which left more than 20 people dead, soldiers from various Caribbean Community (Caricom) countries assisted in guarding government institutions and recovering looted goods.

" I am extremely pleased with the efficiency and the manner in which the forces effected their duties," Richardson wrote.

The members of the RSS stayed in Trinidad for a month. During the coup attempt by 114 members of the Jamaat al Muslimeen led by Yasin Abu Bakr scores of buildings in Port of Spain were destroyed by fires and looting.

### Import Ban List To Be Reduced 1 Jan

*FL2412160090 Bridgetown CANA in English 1807 GMT 23 Dec 90*

[Text] Port of Spain, Trinidad, Dec 23, CANA—Trinidad and Tobago plans to start dismantling its negative list from January 1, 1991 as the government moves towards trade liberalization.

A statement from the Prime Minister's Office said on January 1, 40 percent of the negative list, which restricts trade in a variety of goods, would be erased.

The remaining 60 percent will be removed beginning January 1, 1992.

Certain items, however, will remain subject to negative list restrictions on the basis of national security, public health, international agreement and other national concerns, the statement said.

Trade liberalization was a policy objective of the government's 1991 budget.

Items which will be removed from the negative list include macaroni and other pasta products, bakery products, beer, whiskey, paints, varnishes, animal feed, and a wide variety of building supplies.

The statement said protection in the form of an additional import surcharge, would be provided on applicable tariff on items removed from the list.

### Trintopec Announces Another Major Oil Find

*FL2112214790 Bridgetown CANA in English 2029 GMT 21 Dec 90*

[Text] Port of Spain, Trinidad, Dec. 21, CANA—The Trinidad and Tobago Petroleum Company (Trintopec) has announced its second major oil find in two months. Two new wells located at Tabaquite in Central Trinidad and Maloney in the Southeast have shown promising yields.

Preliminary tests suggest that about eight million barrels of oil could be recovered from the Tabaquite 236 well. It was drilled to 2,400 feet and throughout the drilling phase, several good oil bearing zones were recorded, Trintopec announced.

"Excellent settled production rates are anticipated. The reservoirs are clean and well-developed and the best encounter by a well in the Tabaquite area to date," senior geologist John Beard said. The Tabaquite lease offered attractive drilling opportunities as the producing reservoirs are relatively shallow and the crude of high quality, Beard reported.

Trintopec plans to drill another exploratory well in Tabaquite early in the new year. The other exploratory well is being tested to establish its full potential. The wells cost 12.1 million dollars (one TT dollar - 23.5 cents U.S.)

This is the third exploratory well to be drilled by Trintopec this year. Two months ago, the petroleum company recorded a successful exploration in Moruga East, in the island's south.

"So far our exploration programme can be considered successful and several more wells will be drilled in 1991," said exploration manager Dave Lutchman.

## El Salvador

### FMLN Announces Christmas Truce Extension

*PA2312172390 Panama City ACAN in Spanish 1639 GMT 23 Dec 90*

[Text] San Salvador, 23 Dec (ACAN-EFE)—The Salvadoran guerrillas today announced their decision to extend the Christmas and New Year's truce to the entire country and suspend sabotage on the country's power system. The announcement was in response to a request made by the United Nations.

The Farabundo Marti National Liberation Front (FMLN) stated in a communique that it will suspend its military actions from 1800 24 December to 1 January.

According to the FMLN, the unilateral Christmas truce will be extended to the entire country "upon requests made by UN Secretary General Javier Perez de Cuellar and the Mexican Government."

Salvadoran Government and guerrilla delegations are participating in peace negotiations, sponsored by the United Nations, in search of a definitive cease-fire in a war that has caused the deaths of over 70,000 people in the last decade.

The FMLN accused the Army of adopting "a hypocritical attitude" by initiating large-scale military operations in areas where there is intense guerrilla activity.

The Salvadoran Army is conducting nationwide operations in response to the guerrilla offensive launched on 20 November.

### Reports Clashes, Army Casualties

*PA2112231190 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 21 Dec 90*

[Text] Our "Punish the Antidemocratic Armed Forces" campaign is continuing throughout the national territory. The two strategic columns of the antidemocratic Armed Forces are crumbling. The Air Force has been neutralized and the specialized battalions are crumbling. The repatriated Bracamonte Battalion has been soundly beaten again—this time it was ambushed in the zone of San Marcos, a few kilometers south of the capital. A maneuver was also carried against the Bracamonte Battalion's command post at km16 of the northern highway. Our National Army for Democracy is fighting against the specialized battalions.

Attention, national media. We hereby report the successful maneuver carried out to welcome the repatriated Bracamonte Battalion—which reappeared south of Guazapa Hill after its disorderly flight into Honduran territory. This is the welcome that our National Army for Democracy has given to the battalion, which could be called the Brincatracho [play on words, using part of the rebels' nickname for the Bracamonte Battalion—"Brincamonte" Battalion, which means "battalion that jumps over the bushes"—and the nickname for Honduran citizens—"catrachos"] from now on, given its raid into catracho territory.

Here are details of the maneuver on the Bracamonte Battalion's command post: At 0600 our forces launched a fierce attack on two companies of the Bracamonte Battalion, and a large-scale attack on the battalion's command post, located between km 17 and 21 on the Northern Highway. At 0650, in full daylight, another group sent to the town of Los Rodriguez, San Jose Guayabal, clashed with another company of the Bincatracho or Bracamonte Battalion. One of the fiercest attacks was carried out against the Brincatracho Battalion command post at km 17. The command post members did not flee into Honduran territory, but they certainly fled in disarray toward the capital. We were able to seize control of the enemy positions following our overwhelming attack. We repeat, members of the command post openly fled toward the south, toward the capital, like the soldiers did toward Honduras. The officers' and security forces' quick departure prevented their annihilation. Our units seized the battalion's command post and confiscated two rifles—including one AR-18 rifle belonging to the Bracamonte Battalion's executive officer. We do not know if he was among the wounded or the dead who were carried away.

Our units also seized—attention, attention, this is an important seizure from the enemy Army—22 rounds for 81-mm mortars in that same place. We repeat, 22 rounds for 81-mm mortars were seized and we will return them, with great pleasure and courtesy, to the enemy's strategic installations and barracks in the central zone. We also seized six backpacks. The troops left behind parts of a PRC-77 radio and other war materiel in their hasty departure. It is important to report that the Air Force has failed to show up until now. Zero Air Force. Zero morale.

We continue with the information:

At 1300, our forces clashed with another company of the Brincatracho Battalion near km 20. The troops ran helter skelter and left behind two dead. Our forces chased the troops and seized one rifle and its corresponding kit. The Brincatracho Battalion has lost another rifle as a result of its low morale and our decisive blow on its command post. Its forces lost control and became demoralized a few hours after the fighting began.

We report to all our people that our fellow fighters have confirmed 24 enemy casualties as a result of the maneuver on the Brincatracho or Bracamonte Battalion. We repeat, we inflicted 24 casualties a few km north of the capital and the enemy received no support from the Air Force. Zero Air Force. Zero morale. We also we seized the following war materiel: Three rifles, 22 rounds for 81-mm mortars, and six backpacks. Zero Air Force. Zero morale for the special battalions.

No matter how much the Bracamonte Battalion troops cried and begged for the Air Force's support, General

Villamariona refused to send his airplanes and his helicopters. It is important to mention that the clashes began at 0600 and continued throughout the day, but Gen. Villamariona rebelled and refused to comply with the Bracamonte Battalion executive officers' desperate request for the Air Force's airplanes and helicopters. Villamariona thought it was better to save one A-37 airplane or his helicopters, and to let the undisciplined troops of the Bracamonte Battalion die.

The report adds that traffic throughout the northern zone of the capital was paralyzed for several hours as a result of the clashes, and the enemy threatened the drivers and forced them to carry their wounded to San Salvador. The information adds that, since Gen. Villamariona refused to heed the requests—even the military high command's requests—for the Air Force's support, the wounded had to be sent in taxis. The wounded and dying arrived at the military hospital in taxis because no helicopters were available.

The clashes continued until 1600, meaning 10 hours of fighting in full daylight, and the Air Force never showed up. Our comrades are still holding their positions on the northern highway at this hour. We want to emphasize that all the Bracamonte Battalion's companies, without exception, fled like rabbits. Perhaps they thought they were near the Honduran border.

### Army Steps Up Patrols To Prepare for FMLN

*PA2312200490 Mexico City NOTIMEX in Spanish 1840 GMT 23 Dec 90*

[Text] San Salvador, 23 Dec (NOTIMEX)—The Salvadoran Army has stepped up its patrol operations in this capital in anticipation of new attacks by urban command units. Meanwhile, military actions continue in northern El Salvador.

Units of the Farabundo Marti National Liberation Front (FMLN) last night attacked several military installations in San Salvador and Cuscatlan Departments and an Armed Forces building in the capital, official and civilian sources reported.

A member of the FMLN's "Modesto Ramirez" Commando Units claimed responsibility for an attack this morning against the building of the Armed Forces' Social Security Institute via a telephone call to a local radio station.

The action, which produced no casualties but did cause structural damage on the building located in northwestern San Salvador, involved rifle fire and explosives, a rebel spokesman said.

Military spokesmen, who said nothing about casualties, reported that urban commando units at dawn today attacked a post of the Bracamonte Battalion in Escalon neighborhood, in northwestern San Salvador.

Military forces and rebels last night engaged in fierce clashes in the vicinity of Apopa, about 15 km from San Salvador, and in the area of Guazapa Hill, official sources said.

Civilians reported that Army artillery units launched at least 40 mortar shots at the foothills of Guazapa Hill, where the rebels are.

The Armed Forces reported on the FMLN actions but acknowledged no casualties among its ranks and did not report on guerrilla casualties.

Meanwhile, in northern Chalatenango Department the guerrillas occupied a stretch of the Northern Trunk Highway, between San Ignacio and La Palma, where they erected several barricades using buses and other vehicles and carried out political activities among the civilians.

The clandestine Radio Farabundo Marti reported that in the past three days of combat the FMLN has inflicted nine casualties on the elite Atlacatl Battalion, which is involved in a counterinsurgent operation in the Chalatenango area.

In San Salvador the Army is implementing an intense security operation that includes patrol operations along the main streets and vehicle and pedestrian searches.

### Bishop Condemns Puntarenas Declaration

*PA2312233990 Panama City ACAN in Spanish 1835 GMT 23 Dec 90*

[Text] San Salvador, 23 Dec (ACAN-EFE)—Msgr. Gregorio Rosa Chavez, Auxiliary Bishop of San Salvador, today harshly criticized the "Puntarenas Declaration" signed by the Central American Presidents in Costa Rica. He labeled the declaration, "incomplete, full of blank spaces, and discouraging."

After his Sunday homily at the Sacred Heart Basilica, Rosa Chavez said that "the Puntarenas Declaration does not seem to portray hope, because it has several worrisome elements and contains blank spaces."

He said that the presidents' declaration "is addressed to only one concern—cessation of armed actions by the guerrillas. It ignores any problem that has to do with the Armed Forces."

The Central American presidents condemned armed actions by the Salvadoran guerrillas. The presidents demanded that the guerrillas cease their armed actions, not hinder the upcoming elections, and join the democratic process.

The presidents also asked the guerrillas to stop using sophisticated weapons, like "SAM-7" and "SAM-14" missiles, with which they have brought down at least four military aircraft during the past month.

Rosa Chavez said, "I do not believe the presidents' position is correct. In El Salvador, we do not need just

one side to end hostilities, we need both sides to admit that their actions and attitudes are generating violence."

He pointed out, however that it is encouraging that the presidents are still interested in peace in El Salvador, which has been at war for the past 10 years.

Rosa Chavez said that he hopes that 1991 will be "the year of peace." Therefore he recommended "mature attitudes, balance and consideration," especially from the presidents, "so that they will have moral authority over the parties in conflict."

## Guatemala

### U.S. Military Aid Cut Called 'Drastic'

*PA2212040290 Mexico City NOTIMEX in Spanish 0143 GMT 22 Dec 90*

[Text] Guatemala City, 21 Dec (NOTIMEX)—The Guatemalan Government today stated that the U.S. Government's decision to stop military aid to Guatemala because of a lack of guarantees for human rights is "very" drastic.

The Presidency issued an official communique stressing the government's concern about the decision adopted by the government of President George Bush.

The communique states that "the government hopes that this drastic act against Guatemala, for the murder of a U.S. citizen, does not mean that Guatemalan policy will again be misunderstood, as has been the case in the past."

Meanwhile, Oliverio Garcia Rodas, president of the Congressional Human Rights Commission, has advocated complementing UN sanctions and appointing a rapporteur of universal guarantees.

He added that the impunity of those who violate human rights has worsened the situation.

The State Department announced this morning that the U.S. Government has decided to "immediately" suspend military aid to Guatemala "because of the lack of willingness to respect human rights."

The State Department communique stated that the massacre of Indians in Santiago Atitlan on 2 December, is "clear proof of the violence rampant throughout the country."

The Guatemalan Government's communique issued this afternoon does not mention the Santiago de Atitlan case.

It says that it is a "drastic act against Guatemala for the murder of a U.S. citizen," referring to Michel Devine, who was murdered by alleged military officers in June.

The government communique states that "the Guatemalan Government has admitted the difficulties in investigating crimes and the problems being faced because of the existence of an outdated penal code still in use."

According to the Mutual Support Group (GAM), from 1985 to 1989, part of President Cerezo's presidential period, there have been 4,000 murders, 1,300 kidnappings, and 600 wounded in different incidents.

GAM consists of relatives of missing persons.

According to the Human Rights Office, in 1990 there have been 304 murders and 233 cases of missing or kidnapped persons.

Garcia Rodas said that the Bush administration's decision is an "indisputable moral condemnation."

He said that from a military aspect, the Army will be affected because as well as having its budget reduced, it will not have access to the technological support and training of its officers granted by the United States.

The United States grants $3.2 million in military aid yearly to the Guatemalan Army.

The Defense Ministry has a budget of 280,074,0300 Quetzales ($56,014,860)

Garcia Rodas said that the suspension of aid is a warning to the next government to establish a human rights policy and to end the impunity for violations of universal guarantees.

He said that although the present government is responsible for the violations of human rights, the U.S. Government's decision will not affect it, because Cerezo will end his presidential period on 14 January 1990.

He said that the U.S. Government's decision is connected with the promotion and defense of human rights in Guatemala.

He said that respect for human rights has ceased to be considered meddling in another country's affairs, because the matter is not up to just one nation, but to all mankind.

### Poll Shows Candidate Serrano Leading Race

*PA2312205890 Guatemala City PRENSA LIBRE in Spanish 20 Dec 90 p 4*

[Text] The most recent poll, which was conducted by the Tecnologia Empresarial Company and the results of which were revealed during a news conference on 19 December, indicates that 68.4 percent of the voters favor Jorge Serrano Elias, and 22.9 percent favor Jorge Carpio Nicolle.

Tecnologia Empresarial General Manager Mario Rivera said that the poll was conducted nationwide, except in Peten, on 8 and 16 December.

Rivera said that 2,500 people participated in a mock election that took into account the electoral weight of

each department. He added that the poll has a margin of error of two percent and is 95 percent reliable.

Tecnologia Empresarial estimates that Serrano would garner 1.063 million votes and Carpio 355,000 votes if the same people who voted in the general elections cast their votes in the run-off elections.

Rivera pointed out that this is the fourth poll conducted in Guatemala by Tecnologia Empresarial, which was one of the few companies that predicted, giving a 1.5 percent edge to Carpio, that Serrano and Carpio would reach the run-off elections.

Tecnologia Empresarial has conducted similar polls in Costa Rica, El Salvador, Panama, and of course, Honduras. Rivera said that the work team consisted of 20 pollsters and five supervisors, all Honduran, to guarantee impartiality.

The candidates garnered the following percentages: By region, Serrano: central, 70 percent; south, 69 percent; north, 63 percent; high plateau, 66 percent; and east, 72 percent. By region, Carpio: central, 21 percent; south, 22 percent; north, 27 percent; high plateau, 20 percent; and east, 21 percent. By religion, Serrano: Catholic, 67 percent; evangelical, 69 percent; By religion, Carpio: Catholic, 24 percent; evangelical, 22 percent. By Sex, Serrano: men, 69 percent; women, 67 percent; By sex, Carpio: men, 22 percent; women, 24 percent.

By age, Serrano: 18-24 years old, 68 percent; 25 to 39 years old, 70 percent; 40 to 59 years old, 68 percent; over 60 years old, 66 percent; By age, Carpio: 18 to 24 years old, 24 percent; 25 to 39 years old, 20 percent; 40 to 59 years old, 25 percent; and over 60 years old, 23 percent.

### Military Leaves Santiago Atitlan After Massacre

*PA2312043490 Guatemala City PRENSA LIBRE in Spanish 21 Dec 90 p 2*

[Text] The military detachment in Santiago Atitlan, Solola, was withdrawn from the area on 20 December at the request of thousands of citizens, after the massacre on 2 December, when soldiers fired at groups of peasants killing 13 and wounding 18.

Approximately 600 soldiers left the military base, going directly to Atitlan Lake to board some launches to carry them away.

The residents said that they will guard the area now and that they have organized groups to guard their communities, although they are afraid of being attacked, "possibly by irregular forces."

Meanwhile, 20 peasant families made claims yesterday that the Army took their lands away from them 11 years ago to station the military detachment there. A few soldiers were left behind to guard the remaining military equipment.

## Nicaragua

### Chamorro 'Message to the Nation' on Budget, Army

*PA2212220190 Managua LA PRENSA in Spanish 21 Dec 90 pp 1, 12*

["Message to the nation" delivered by President Violeta Chamorro in Managua on 21 December]

[Text] Dear Nicaraguans: It is a joy for me to address you today to comment on the vote held last night at the National Assembly when that honorable institution decided to support my view on the nation's general budget bill.

That vote, which was supported by a majority of UNO [National Opposition Union] deputies—a total of 69 deputies voted yea—was held after a day of prolonged talks with the bloc leaders of 14 UNO political parties.

With an open mind and patriotic spirit, these political leaders and dear friends of mine conveyed to me their concerns about militarism in our country and the urgent need of channeling funds to meet the Nicaraguans' most pressing social needs.

On my part, I reaffirmed to the UNO parliamentarian leaders my firm determination to ensure that the process of reducing the size of Nicaragua's military apparatus will continue in a gradual and orderly manner to increasingly adjust it to our country's economic situation until it becomes a small army, as General Sandino wanted it to be. I want my country's Army to be the smallest army in Central America before the first half of my constitutional term in office concludes.

I also reiterated to them that I am firmly determined to implement those aspects pertaining to my country's Armed Forces that were included in the government program that we presented along with UNO during the election campaign. The Army must have a professional nature and not a partisan one, as specified in Article 94 of our constitution. It must have a national character and protect, respect, and obey the current Constitution and the president of the Republic, who is the chief of state, head of government, and supreme commander of the nation's defense and security forces, as specified in Article 144 of the Constitution.

I hope in this way to strengthen civilian authority and military discipline, so that in the future the Army will not make public pronouncements on matters that pertain to the National Assembly.

We also discussed my firm desire for the Army to become increasingly involved in our country's material and social progress in this time of peace, helping in the repair of roads and in other civilian tasks that may require their assistance. At the same time, and as our economic recovery allows, we will increase the financial resources used in the social areas that our country needs and rightfully demands.

I also told the deputies of my decision to delegate to the defense minister the military tasks that I have been fulfilling since 25 April. A civilian will be appointed defense minister when I feel that the process of military reduction has surpassed its critical stage. I believe that this stage will have been overcome before the end of 1991. This defense minister should help me in seeking resources from the international community for conducting civilian tasks and the orderly reduction of the Army.

Finally, I told my friends at the National Assembly that I am willing to work jointly with them to improve the administration of justice, and the executive branch itself. I also expressed my desire to maintain the best of relations with them, because they are the legislative branch of the alliance of political parties that backed my candidacy and made it possible for Nicaragua to tread the path of peace, democracy, and progress.

Violeta Chamorro, president of the Republic
Managua 21 December 1990

### Assembly Approves President's Vetoed Budget

*PA2112144090 Managua Radio Sandino in Spanish 1213 GMT 21 Dec 90*

[Text] The National Assembly voted in favor of President Violeta Chamorro's vetoed budget early this morning and avoided a drastic budget reduction in military expenses. The 14 UNO [National Opposition Union] parties again voted in a divided manner.

Legislative Assembly President Miriam Arguello called the deputies to vote on the budget commission's report at 0300 today. The result was that 29 deputies from eight UNO parties voted with the Sandinists in favor of the presidential veto. There were 21 votes against the vetoed budget.

The deputies who voted against the motion belong to the following parties: Independent Liberal Party, MDV [Nicaraguan Democratic Union], Constitutionalist Liberal Movement, Communist Party of Nicaragua, and Conservative Popular Alliance. Moises Hassan also voted agains the motion.

There was no confrontation between deputies during the debates at which 19 UNO deputies spoke. The deputies only presented their positions and explained why they rejected the presidential veto. The Sandinists showed discipline in their ranks, as they all stayed at the Assembly from 0900 on 20 December to 0300 today. The Sandinists did not participate in the debates concerning the presidential veto.

### Presidency Minister Speaks on Veto Approval

*PA2112224490 Managua Domestic Service in Spanish 1627 GMT 21 Dec 90*

[News conference by Presidency Minister Antonio Lacayo with unidentified reporters at the National Assembly in Managua—live]

[Text] [Reporter] Minister Lacayo, may we have your opinion on the voting results at the National Assembly today?

[Lacayo] It seems to me that the voting results are of great importance. The majority of the UNO [National Opposition Union] deputies decided to support their president in a decision that was obviously very difficult. The president used the veto for the first time and a large majority of UNO deputies—30 out of 51 deputies—decided to support her. Moreover, the National Assembly's Economic Affairs and Budget Commission, which is controlled by the UNO deputies—the commission has five UNO deputies and two Sandinist National Liberation Front deputies— also decided to support the presidential veto. Therefore, I believe that the results are positive because they indicate that most UNO deputies are solidly behind the president. The UNO deputies understood that the president has more facts and information on which to base her decision on matters as difficult as this one.

In addition to this, this entire process clearly shows that President Chamorro is firmly committed to reducing the Nicaraguan Armed Forces. Her prior actions have already turned our country into the champion of the demilitarization process in Central America. We have removed more than 50,000 men from the Army since President Chamorro came to power. Also, many military bases have been and continue to be closed down and there has been a radical decrease in military expenditures.

I believe that the voting process was very democratic. It has been very useful for all Nicaraguans to see that what has really prevailed here was dialogue, negotiation, and the democratic mechanisms stipulated in the constitution.

[Reporter] [Words indistinct] what were the commitments?

[Lacayo] More than a commitment, I believe that the president's policy on military matters was thoroughly discussed. She announced her military policy in her inaugural speech and, I would say, even before then when she signed the government transition agreements, because at that time, she said that she wanted the Armed Forces to become an apolitical, nonpartisan, national, professional, and small group.

These are the characteristics that she has been impressing upon the Armed Forces since she signed the transition accords. She underlined this even more yesterday during her talks with several UNO deputies. These talks and the explanation of motives that she sent to the Assembly has shed much light on her policy on this matter. Her policy includes an effort to reduce the military apparatus in an orderly, serious, and responsible way, preventing Army personnel from being dismissed without the proper protection and compensation. President Chamorro is also willing to appoint a defense minister who can help her complete this task, which she

has doing by herself so far. She also wants the Army to devote itself more and more to civilian tasks, such as road building and supporting vaccination drives, for the society's good. There are a number of tasks in which the soldiers can be very useful now that the war is over.

[Reporter] Can you give us the name of the new defense minister?

[Lacayo] No. In addition, she has said this minister would be designated once this Army reduction, which she regards as delicate and risky, is completed. She seems to think this particular task will take all of 1991. There will be a process to select a very capable civilian who can support her in conducting international negotiations to secure loans. The Army's size can thus be reduced in an orderly manner so that it can carry out the civilian tasks I mentioned a short while ago.

[Reporter] Will there be cabinet changes? It is being said that most ministers will be asked to resign.

[Lacayo] I personally do not believe that all of them will be replaced. We are all obliged, however, to tender our resignations as of 10 January when the new legislative assembly mandate begins because this is when the constitutional period of Mrs. Chamorro's mandate really begins. She will have a new cabinet.

[Reporter] [Words indistinct] questioning of the veto regarding the dismissal of General Ortega [words indistinct] reduction of the Army?

[Lacayo] As for the commander in chief of the Sandinist People's Army, Mrs. Chamorro said during the 25 April inaugural speech that he would remain in that post until she decided otherwise. She has stuck to that decision.

[Reporter] [Words indistinct] the country's stability?

[Lacayo] I would say that stability is essential. It depends on all of us Nicaraguans. If we Nicaraguans are determined to ensure the country's stability, the possibility of improving our economic situation would improve considerably. Our economy depends on the measures adopted by the government, but it depends primarily on all Nicaraguans; on how hard we work and how determined we are to solve conflicts through dialogue and negotiation. It does not depend on the forceful measures that we have seen reoccur over the past few months because these measures certainly harm the process.

I personally believe that consensus agreements must be stabilizing. I feel that everyone—unions, producers, and the government—understands that only a dialogue among civilized people will solve conflicts; land conflicts, conflicts in the cities, salary problems, and so on. I feel that to the extent that we give dialogue a chance, the better the situation will be for the economy. This is, however, a difficult task.

[Reporter] The vice president said that the voting in favor of the veto is a mistake, that it will strengthen Gen. Ortega's hold on the Army. Any comments regarding the vice president's remark?

[Lacayo] I believe that we can hardly talk about a mistake when a large majority of the UNO, that is, when 30 out of 51 deputies, voted to firmly support the president, and when the assembly's Economic Affairs Commission, which is controlled by UNO deputies, unanimously voted to support the president.

[Reporter] The national dialogue was uneventful. The current year will end and we will know nothing about the meetings of the national dialogue verification commission.

[Lacayo] Perhaps there has been a communication gap, because the dialogue directorate has met three times and they have been reviewing issues and trying to ensure that the spirit that was present in the dialogue agreements will prevail in all conflicts. I understand that they were productive meetings. Perhaps its members failed to properly inform the media. I personally believe that among the strongest objectives of this government, beginning in 1991, will be to maintain more fluid communications with our media friends to ensure that they will be able to convey to the Nicaraguan people the statements and events as they develop in order to avoid false stories, which has been the case with certain radio stations.

[Reporter] What is your opinion regarding the statement by Higher Council of Private Enterprise [Cosep] President Gilberto Cuadra that the dialogue agreements were meaningless from the very beginning.

[Lacayo] I believe that the mere fact that Mr. Cuadra is able to so freely voice his opinion shows that we have managed to establish ample freedom and stability in Nicaragua. This freedom and stability is not only the product of the electoral process that we are experiencing, but it is also a result of our attitude toward dialogue, which was very firmly demonstrated through the dialogue agreements. I believe that Mr. Cuada should pay more attention to the decisions of all the unions in the country, including Sandinist and non-Sandinists, and more attention to the opinions of the National Union of Farmers and Cattlemen businessmen, and to what a large majority of Cosep members think about these agreements. People believe that the country will only be able to build a future through dialogue and by solving problems as civilized people at the negotiating table and not from the mountains. I am surprised by Mr. Cuadra's statements because he never picked up a rifle to go to the mountains in wartime. I believe that it is a mistake to criticize civilized methods at this time.

[Reporter] Engineer, do you believe the events at the National Assembly last night are a defeat of the UNO's radical group?

[Lacayo] Yes, it is a smashing, smashing defeat, but it is not only a defeat. In my opinion, the lack of support for the recommendations of the National Assembly Economic Affairs Committee, which, as I said, is controlled by UNO deputies, is partly a rejection of that recommendation, which was considered sacred only eight days ago. In other words, the last time they voted, the UNO backed the recommendation made by the Assembly committee. The UNO faction voted as a block that time. This time the committee presented its recommendation, which supported the president and approximately (20?) UNO deputies decided not to back it up. I sincerely believe that these deputies have unmasked themselves and have proven that they are neither interested in the committee's recommendation nor in the views of the committee deputies who worked very hard to present their recommendation. The UNO deputies simply voted against the recommendation and we would have to ask them to explain their vote.

[Reporter] [Words indistinct] that the UNO faction leaders met with President Chamorro for several hours. It was said that there had been some [word indistinct] and petitions. What really happened there? Was there any [word indistinct] or any attempt to make the UNO vote unanimously?

[Lacayo] We met with the UNO faction leaders the entire day to clarify the president's defense policy. I believe she clearly explained what she has been saying and doing in that field. She is firmly determined to reduce the Armed Forces, but in a very orderly and responsible manner as we have been doing it since May.

I also believe that she clearly said that she wants the Army to increasingly play the role that corresponds to the Armed Forces in a civil society, which is to support the country's development by helping in road construction work, vaccination campaigns and other projects since there is no war.

The president said that she wants to eventually appoint a civil defense minister who will do the work she has been doing since May as defense minister. She wants this new minister to support all of her international efforts and the tasks that obviously require international affairs.

The meeting with the UNO faction leaders helped the UNO deputies to clearly see that the president is an advocate of the country's demilitarization.

[Reporter] Former President Ortega said yesterday that the U.S. Embassy apparently pressured the deputies to vote against the president's veto. What can you tell us about that? I am not a National Assembly member. I do not know that they were pressured. The executive branch was neither pressured nor would it accept any kind of pressure in that sense. We are a sovereign government. Our constitution rules the country, and we would rather die than yield to pressure.

### Chamorro Plans To Name Civilian Defense Minister

*PA2212020890 Paris AFP in Spanish 0036 GMT 22 Dec 90*

[Text] Managua, 21 Dec (AFP)—President Violeta Chamorro today promised that within three years Nicaragua will have the "smallest army in Central America." At the same time she confirmed that the next defense minister will be a civilian.

During a radio address, the president expressed her "deep satisfaction" with the National Assembly's approval this morning of her partial veto of the military budget.

She said: "These have been days of intense conversations with my friends in UNO [National Opposition Union] who hold office. She explained that the government deputies had "expressed their concern about militarism in our country."

During the early morining hours, a last-minute alliance between the 39 Sandinist deputies and 30 government deputies made possible the approval of the $70-million military budget that President Chamorro had requested at the last moment, instead of the $78 million contemplated in the original proposal rejected by the entire UNO faction.

The 20 government deputies who voted against the presidential veto stood firm in their demand that the military budget be reduced to $49 million.

President Chamorro criticized a communique issued by the Army, headed by General Humberto Ortega. She said: "We are going to strengthen civilian authority and military discipline to guarantee that in the future there will be no public pronouncement by the Army that meddles in civilian matters."

On 15 December, the Armed Forces issued an official note warning the "more extremist" deputies that "under no circumstances" would the Armed Forces allow the dismissal of 10,000 troops, as was implied in the budget reduction voted on by the UNO deputies the day before.

President Chamoro also promised to create a "professional and a political" Armed Forces, that during times of peace would serve to cooperate in civilian tasks, like building and maintaining highways.

The EPS (Sandinist People's Army) currently consists of 28,000 men, instead of the 80,000 it had when President Chamorro assumed office on 25 April.

She announced that next year she would appoint a civilian as defense minister to replace her in the military functions that she now combines with her executive duties.

Unofficial sources have indicated that the appointment of a new defense minister might occur on 10 January, when the president announces changes in her cabinet.

### More on Naming Minister

*PA2212143290 Managua Radio Sandino in Spanish 1215 GMT 22 Dec 90*

[Text] President Violeta Chamorro said on 21 December that she will leave the Defense Ministry and appoint a civilian as defense minister in 1991. She said that the new minister will aid her in her efforts to find international support to further civilian programs and to reduce the Army in an orderly manner. The president made these statements a few hours after the National Assembly approved the partial presidential veto that prevented a $20-million reduction in the Army's 1991 budget.

The president took the helm of the Defense Ministry after she became president on 25 April. At that time she transferred former Defense Minister General Humberto Ortega to the post of national commander of the Sandinist Popular Army.

The need to designate a civilian as defense minister was posed during the negotiations held between the president and the National Assembly deputies recently. Up to now, however, the government has not revealed the name of the new minister.

Chamorro assured the National Opposition Union deputies that she will firmly continue to enforce the demilitarization process, in an orderly and gradual manner, until the Army becomes a small organization in accordance with the country's economic reality.

### * D. Ortega on Gulf Crisis, FSLN Prospects

*91P40085A*

[Interview with Daniel Ortega by Muhammad Al-Zahir Munyah Samarah in Amman; date not given: "Our Sweetest Days Are Ahead"]

[Editorial Report] An interview with Daniel Ortega which appears in the Nicosia Arabic-language PLO publication FILASTIN AL-THAWRAH on 9 December 1990 on pages 22 to 23, is preceded by an introductory paragraph which quotes Ortega as saying, "I will cross the Jordan Valley into the West Bank after it is liberated." In response to questions about his meeting with Saddam Husayn, Ortega stated that he has a special relationship with Saddam, that his viewpoint is close to the Iraqi viewpoint regarding the Gulf crisis, and that the Iraqi approach to peace is the correct one. He went on to say that in their meeting Saddam described the U.S. conspiracy against Iraq and American preparations to strike against that country. According to Ortega, the issue in the Gulf is not simply an issue of withdrawing from Kuwait; it involves remaking the region into an area that controls its own interests, resources, and people.

With regard to the elections in Nicaragua, Ortega explained that the FSLN [Sandinist National Liberation Front] was not defeated because they won 41 percent of the vote. He went on to say that in the coming election the FSLN will return to power and that the Front will continue to be the guardian of the revolution until all the goals for which the Sandinists fought are established. He stated, "The revolution will go forth."

## Panama

### Protesters March To Mark 'Invasion' Anniversary

*PA2112191690 Panama City LA PRENSA in Spanish 21 Dec 90 p 1*

[Report by Manuel Alvarez Cedeno]

[Text] Thousands of Endara government opponents marched along Via Espana to El Chorrillo neighborhood yesterday to protest against the U.S. invasion one year ago and to demand the withdrawal of Southern Command troops.

A policeman who escorted the march said that about 10,000 people participated in the so-called "black march" called by the Association of Relatives of Invasion Casualties [Asociacion de Familiares de Victimas de la Invasion].

Throughout the march the demonstrators shouted slogans directed against the local and U.S. Governments, one of which was: "Sissies requested the invasion."

Civilian security agents who were guarding stores along Central Avenue went inside them as the demonstrators marched along. Most stores remained open.

The demonstrators carried placards and about 30 women carried torches. Some shouted: "Viva Omar," while others shouted: "We are patriots, not fatherland sellouts."

Association President Isabel Corro said that the march was to remember "the massacre that took place one year ago, in which the government is so much of an accomplice that it has not dared to demand indemnification from the U.S. Government for the destruction caused."

At about 1915, when the march passed along the rear of the Modelo Jail, the inmates began shouting and tried to stage a mutiny, forcing guards on the patio to fire at least five bursts of T-65 and M-16 rifle fire.

Many of the demonstrators threw themselves on the ground, others ran away, and some started to scream. The mutiny attempt was immediately foiled, and the march continued along its course to the urban renewal buildings next to the former stone house, where a meeting was held.

Sublieutenant Luis Pena of Area A in San Felipe, who was outside the penitentiary, confirmed that the inmates tried to rebel.

Among the march participants were several former ministers of the previous government, including Health Minister Francisco Sanchez Cardenas, members of the

National Council of Organized Workers, Fenasep [National Federation of Public Employee Associations], Indians, university students, and Magdala de Colamarco, wife of Benjamin Colamarco, commander of the former Dignity Battalions, who is currently under arrest.

The demonstrators dragged a U.S. flag behind them and set it on fire in the Chorrillo neighborhood afterward.

### Lawyers Say U.S. Responsible for 1989 Looting

*PA2312023790 Panama City Circuito RPC Television in Spanish 2300 GMT 21 Dec 90*

[Text] Lawyers representing 66 Panamanian companies today presented their reply to the U.S. Government at the U.S. District Court in Washington regarding their suit for damages of over $60 million, caused by the military action of 20 December 1989. The lawyers argue that the United States is responsible for the looting that took place after the U.S. forces destroyed and dismantled the Panamanian forces, leaving the country without a police or defense force. The Panamanian companies' lawyers also say that the United States had the obligation to provide police protection in Panama in accordance with the Convention of The Hague, which is a treaty that was signed in 1907.

### 700 Cuban Refugees Granted Visas to U.S.

*PA2312234990 Panama City LA ESTRELLA DE PANAMA in Spanish 23 Dec 90 pp A-1, A-2*

[Article by Claudio Herrera J.]

[Text] A total of 700 Cubans—temporary residents in Panama—will travel to Miami, beginning on 15 January, at the conclusion of a Cuban-American Foundation program.

A Cuban source in exile told LA ESTRELLA DE PANAMA that the 700 Cubans who are still in Panama are part of the 3,800 who have arrived here since the early 1980's.

With the arrival of President Guillermo Endara's government, Panamanian immigration authorities have reached an agreement with the Cuban-American Foundation and the U.S. Government to allow these refugees to travel to the United States.

It was also reported that in Cuba there are still approximately 300 Cuban nationals waiting for Panamanian visas, although they have no guarantee of subsequently being allowed to immigrate to the United States.

The source disclosed that several Cubans who are waiting for their Panamanian visas in Cuba have lost their jobs and homes. The Cuban Government uses this as a warning for those who want to leave. The 300 Cubans waiting for safe-conducts to leave Cuba are not, however, part of the package of refugees negotiated by the Cuban-American Foundation that will travel to the United States.

It has become known that seven Cubans came to Panama on 17 December, with the blessing of the Government and Justice Ministry's Immigration Office. It is not known if these Cubans have secured their visas to the United States.

The transportation of Cubans from Panama to the United States is handled exclusively by a Panamanian airline. This airline will continue to transport Cubans to the United States.

Exiled Colonel Roberto Diaz, admitting his participation, even exposed a "visa deal" in which Panamanian visas were sold to Cubans. The beneficiaries reportedly paid several thousand dollars for the visas.

### Chamber of Commerce Building Attacked

*PA2112174690 Panama City ACAN in Spanish 1650 GMT 21 Dec 90*

[Text] Panama City, 21 Dec (ACAN-EFE)—The headquarters of the Panamanian Chamber of Commerce, Industries, and Agriculture was strafed by unidentified men early this morning. The individuals also threw an explosive at the front part of the building, which is located in downtown Panama City. The attack did not result in any casualties.

Ricardo Aleman, president of the Panamanian Chamber of Commerce, Industries, and Agriculture, attributed the attack, which left 40 bullet holes in the building, to an alleged guerrilla group consisting of former Noriega military men.

Aleman said: "These are evidently former military personnel from the Noriega regime." Ricardo Aleman added that a group called M-20 (20 December Movement) claimed responsibility for the attack in a phone call made to the Technical Judicial Police.

M-20, which took its name from the date of the U.S. invasion of Panama (20 December 1989), claimed responsibility for an attack on a Panama City bar in March. A U.S. soldier was killed in the attack and approximately 30 people were wounded.

According to Aleman, who cited police investigations, the attack was carried out by armed men riding in a station wagon at about 0030 last night (0730 GMT) [GMT time as received].

The Chamber of Commerce, Industries, and Agriculture is one of the associations that fought most strongly against the Noriega regime, and some of its leaders were exiled by the military government.

Aleman hinted that a link exists between the attack and the strike conducted by state unions, whose leaders have been charged by the government with trying to overthrow the current regime.

Aleman said: "The attack coincides with the events that have taken place recently, and with our association's criticism of the labor movement, the strike, and the recent marches."

Coinciding with the first anniversary of the U.S. invasion, various Panamanian media have echoed reports on the existence of alleged guerrilla groups that would carry out actions near Panama City.

The Panamanian Government insists that there may be isolated armed men, but it rules out the existence of organized rebel groups.

### Aleman Comments on Attack

*PA2112182590 Panama City Radio KW Continente in Spanish 1719 GMT 21 Dec 90*

[Text] The headquarters of the Panamanian Chamber of Commerce, Industry, and Agriculture [CCIAP] was attacked early this morning with machine-gun fire and explosive devices. According to reports from the Technical Judicial Police [PTJ], members of the so-called M-20 [20 December Movement] called today and claimed responsibility for the action.

CCIAP President Ricardo Aleman made the following remarks.

[Begin recording] [Aleman] According to the PTJ's report, an explosive device was thrown at the main door of the headquarters around 0030. The upper portion of the building and the main door were also strafed with machine-gun fire. All the glass in the main entrance was destroyed.

Apparently a group identified as the M-20 called the PTJ and claimed responsibility for the attack on the CCIAP. Information reveals that a white station wagon was seen in front of the building at the time of the attack.

It is curious that this action coincides with the events which have occurred recently, and with the fact that the CCIAP has criticized the labor union movement which has been organizing strikes and marches during the Christmas festivities.

This is undoubtedly the work of former members of the Noriega military regime who lacked the courage to face the North Americans when they came. Instead, they have continued to do what they did best—that is, attacking the weak and those who cannot defend themselves. This will give us the necessary strength, however, to continue onward. They will not scare us.

[Unidentified reporter] Will the CCIAP adopt some kind of measure?

[Aleman] Absolutely not. We will continue as usual. We have no private security system. The employees courageously work day after day, like they did during the dictatorship. We certainly hope that similar actions will not be carried out again—for the sake and protection of the employees who work here. [end recording]

### Arias Calderon Reports on Freedom of Press Bill

*PA2112042090 Panama City LA ESTRELLA DE PANAMA in Spanish 18 Dec 90 pp A-1, A-2*

[Report by Claudio Herrera J.]

[Text] Government and Justice Minister Dr. Ricardo Arias Calderon has announced the creation of a commission charged with reviewing the bill on adopting measures to guarantee the right of information and the full exercise of freedom of expression through the media.

Arias Calderon has also reported on "a bill to guarantee the right of information and the full exercise of freedom of expression through newspapers, radio, and television; and to derogate or reform legal measures that restrict the media that were adopted by the military regime."

Concerning the commission, it has been reported that it will be a blue-ribbon commission composed of the following:

Two persons appointed by the Executive Branch, one of which will preside over the commission;

A representative of the Social Communication School of the University of Panama;

A representative of the Social Communication School of Santa Maria La Antigua University;

A representative of the National Association of Journalists;

A representative of the Union of Journalists;

A representative of the Chamber of Media;

A representative of the Panamanian Radio Broadcasting Association; and

The national media director, who will be the commission's secretary.

Some of the objectives of the commission will be to receive, discuss, and evaluate suggestions and opinions that civic organizations or common citizens may want to offer, and then to propose ways on how to improve the bill. Afterwards the government and justice minister would present the bill to the Cabinet Council.

The bill establishes that for two years after the Professional Council of Social Communication—to be created by Article 28 of this bill—begins to function, people who can prove to this council that they meet the professional requirements because they have the technical and professional experience necessary to efficiently perform their functions, will be authorized to pursue this profession. Once the two-year period is over, only people with a degree will be allowed to take part in the activities to which this article refers.

Article seven of the second bill is to guarantee the right of information. It establishes that "no official authorization is necessary to exercise freedom of expression."

Therefore, despite what the previous article states, everyone is free to express their ideas verbally, in writing, visually, or by any other means. The media is free to choose its directors, editors, advisers, columnists, chief editors, cartoonists, and photographers.

Another key portion of this bill is found in Article nine: "No journalist has the obligation to reveal his or her sources of information or the origin of the news, regardless of the responsibilities that journalist may incur as a result of his or her report. [no end quotation marks as published]

**Interbanco's License Pulled, Reorganization Denied**

*PA2412041090 Panama City LA ESTRELLA DE PANAMA 22 Dec 90 pp1, A2*

["Resolution" issued by the National Banking Commission in Panama City on 18 December]

[Text] The National Banking Commission has disapproved the proposed reorganization of Banco Interoceanico de Panama (Interbanco).

The communique issued by the National Banking Commission reads as follows:

Resolution No. 30-90

18 December 1990

The National Banking Commission, by the legal powers bestowed on it, and,

Whereas:

Through Resolution 21-90 of 30 October 1990, this Commission ordered the intervention of Banco Interoceanico de Panama (Interbanco) and the suspension of its banking operations, and appointed an auditor to assure fulfillment of this measure:

That according to the auditor's report, the steps taken during the intervention reveal:

1. Negligent handling of the bank's operations, in general.

2. The absence of sound criteria in the credit department, and a lack of adequate controls used by banking institutions.

3. The bank's acute lack of liquidity.

4. Large operational losses, due to the low profit margin of the loans and investments department.

5. That the bank does not have the financial resources that would allow quick correction of the negative factors that affect solvency, liquidity, and profitability.

6. That the bank presents a serious solvency problem, which will not allow it to reimburse its depositors and creditors, because it is in a state of complete insolvency.

That a group of investors has presented a proposal for the reorganization of Banco Interoceanico de Panama (Interbanco);

That, through an analysis of the reorganization proposal, as well as documents presented, and investigations conducted by this commission, it has been established that;

1. The proposal does not comply with Paragraph A of Article 93 of Cabinet Decree No. 238 dated 2 July 1970.

2. That the funds offered as capital are not enough to cover the bank's lack of liquidity nor its insolvency, nor to correct its lack of profitability;

That according to the foregoing, the proposal presented does not comply with existing legal regulations and is not viable;

That according to Article No. 26 of Cabinet Decree 238 dated 2 July 1970, the commission will cancel the license of any bank that ceases to exercise its banking functions, and;

That according to Article 86 of Cabinet Decree No. 238 of 2 July 1970, the intervention of a bank includes the authority to request its forced liquidation:

Resolves:

Article 1: To disapprove the proposal for the reorganization of Banco Interoceanico de Panama: (Interbanco)

Article 2. To request the dissolution and liquidation of Banco Interoceanico de Panama (Interbanco) according to existing legal regulations.

Article 3. To appoint Erasmo Castro to request from the corresponding court, the dissolution and liquidation of Banco Interoceanico de Panama (Interbanco),

Article 4. To maintain the administration and control of Banco Interoceanico de Panama (Interbanco) through Eramso Castro, until the Bank's dissolution and liquidation are legally decreed.

Article 5. The general license issued to Banco Interoceanico de Panama (Interbanco) is hereby canceled according to Resolution No. 2-70 dated 11 December 1970.

Article 6. The legal representative of Banco Interoceanico de Panama (Interbanco) is hereby notified of the present resolution, as well as the bank's shareholders, depositors, and creditors through the publication of said resolution for three (3) consecutive days in a newspaper with general circulation.

Panama City, 18 December 1990.

To be notified, published, and complied with.

President, Guillermo Ford. B.
Secretary, Ernesto A. Boyd S.

## Papo, PdP Condemn 'Slash' Law Against Workers

*PA2012165390 Panama City LA PRENSA in Spanish 13 Dec 90 p 2A*

[Text] The Peoples Action Party (Papo), the political organization that opposes the ADO [Democratic Opposition Alliance] government, has publicly stated its support to the government workers' democratic movement, saying that the workers are at this moment the victims of intimidation and persecution by government authorities.

Papo continues by stating that the consolidation of democracy in our country will not take place by approving laws that openly violate the constitutional precepts which the current rulers swore they would respect. Papo rejects the actions taken against the IRHE [Institute of Hydraulic Resources and Electrification] labor union, whose contribution against militarism cannot be erased or distorted. We call upon sensible sectors of Panamanian society to warn the government that if they continue their unpopular political actions, they will lead the country toward the spiral of violence that is taking place in neighboring Central American countries. We reiterate that calling for a national Constituent Assembly is the only democratic way to allow for a constructive national dialogue to provide the country with a climate of reconciliation, well-being, and security for our people.

Meanwhile, the People's Party [PdP] released a communique in which it says that by using the excuse that the workers' march and strike was linked to actions by Retired Colonel Eduardo Herrera, President Endara had the Legislative Assembly draw up a draft resolution dated 6 December, which empowers the president and the various state institutions to dismiss workers, who, according to this draft, organized and carried out actions in this march and strike. The communique goes on to say that following the workers' march and strike, and after they said they had nothing to do with the military actions against President Endara on 5 December, the president has preferred to reply unjustly, without consulting other sectors.

The PdP says that the "slash" law, as the workers call it, is aimed to take advantage of the climate created by the actions of some military officers and the new and brutal intervention by U.S. Southern Command troops, requested by Endara himself, to legalize the anti-workers law. This law represents a challenge and a total negation to the workers, and is an open call to violence.

The PdP condemns this draft "slash" law which is contrary to the most basic norms of respect for the worker. Today, when we commemorate 12 [date that Panamanians rejected the Filos-Hines Treaty on U.S. bases in Panama, 1947] and 20 December, we must avoid denying workers the right to work, the profits they derive from their work, and the right to the life of the Panamanian working population.

## Survey Indicates Majority Against Coup Attempt

*PA2112033090 Panama City LA PRENSA in Spanish 17 Dec 90 p 1A*

[Report by Nubia Aparicio]

[Text] According to a telephone poll conducted by Dichter and Neira, a large percentage of Panamanians disagree with the military rebellion of 4 to 5 December led by former Colonel Eduardo Herrera. In addition, a large number of those polled think another attempt at rebellion is likely.

Of 825 people of both sexes who answered phone calls from 12 to 15 December, 83.3 percent expressed disagreement with the coup attempt. This is true even though the government has steadily lost popularity, according to recent polls conducted by the same corporation. This seems to indicate that the majority of Panamanians support the democratic process despite their displeasure with the government.

The research, done especially for LA PRENSA, showed that 63.4 percent believe another military rebellion is probable. This means that the majority of Panamanians think that militarism is still alive. A majority, 56.4 percent, think that the military uprising would have succeeded if the U.S. had not intervened. This opinion could be interconnected with both the people's lack of trust in the National Police and the fact that in a recent survey a majority consider the police as the now defunct Defense Forces in policemen's clothing.

The survey questions were posed to adults. The survey was conducted between 1800 and 2100 and included working and non-working individuals.

During an interview with LA PRENSA, Dr. Leopoldo Neira, director general of Dichter and Neira, said that telephone surveys, although they can be processed quickly and give an opportunity to instantly sound out public opinion, are restricted to homes that have telephones and leave out those that do not. This increases the margin of error if a comparison is made with residential homes.

Concurring that the military uprising would have succeeded if the U.S. military forces had not intervened, 52 percent of those called approved the Panamanian Government's decision to request intervention from the U.S. Government to put down the coup attempt. Nevertheless, 44.5 percent disagreed with President Guillermo Endara's request for this assistance.

The poll seems to indicate a relationship between those who approve of the U.S. intervention and those who think the coup would have succeeded without the U.S. participation.

Those polled were split with regard to the labor union leaders's involvement in the coup attempt. According to the survey, 44.5 percent think the leaders were not involved and 39.9 agree with the government's official

version that the union leaders directly participated in the uprising. A considerable percentage, 21.6 percent, declined to say whether the union leaders had participated in the attempt or not.

### 'Source' Warns About Kidnapping of Officials

*PA2112225190 Panama City EL PANAMA AMERICA in Spanish 21 Dec 90 p 1A*

[Report by Juan Pritsiolas]

[Text] Panamanian authorities have intelligence reports concerning an alleged plan to kidnap high-ranking officials of the administration of President Guillermo Endara, who would later be exchanged for the release of Retired Colonel Eduardo Herrera.

An official source has told EL PANAMA AMERICA that former Panama Defense Force members who participated in the recent coup attempt led by Former Police Chief Eduardo Herrera are involved in the aforementioned plan.

The primary suspect is a former officer who worked for the Special Antiterror Service Unit (UESAT). The principal objective of this operation would be to obtain Herrera's release, so that he can enter a diplomatic mission to obtain diplomatic asylum.

Eduardo Herrera currently remains in the Naos prison, from where he escaped by helicopter on 4 December to try, unsucessfully, to provoke a police rebellion. He was recaptured, however, by troops of the U.S. Southern Command.

Meanwhile, psychological warfare has recently increased with speculation on outbreaks of guerrilla activity following the revelation of a proclamation allegedly signed by former Captain Asuncion Gaytan, on behalf of the self-styled Victoriano Lorenzo Armed Liberation Front [Frente Armado de Liberacion Victoriano Lorenzo].

There are also rumors circulating about a clash at the police headquarters in Santiago, Veraguas Province, which were later denied by National Police Director Dr. Ebrahim Asvat. An official spokesman has disclosed that the only incident that has taken place in that province involved a corporal who wanted to play a practical joke on someone and wrapped a tear gas bomb as a present and placed it on top of a car.

The authorities have stated, however, that the situation remains normal throughout the country, adding that a meeting was held yesterday to assess the national security situation.

National Police Director Ebrahim Asvat; Attorney General Rogelio Cruz; presidential security advisor Carlos Bares; and PTJ [Judicial Technical Police] Director Leslie Loaiza participated in the meeting, which lasted three hours, at the Palace of the Herons. Loaiza said that this was only a "routine meeting" that takes place from time to time.

## Argentina

### Menem Downplays Seineldin Government Contacts

*PY2112233690 Buenos Aires BUENOS AIRES HERALD in English 21 Dec 90 p 11*

[Excerpt] (NA-DYN)—President Carlos Menem came to the support of government officials yesterday who have had contact with carapintada [Painted Faces] leader Mohamed Ali Seineldin saying that meetings with the rebel "have been a normal occurrence in the last few years."

At a press conference in Government House, Menem fielded accusations by journalists that members of the government had held meetings with the carapintadas arguing that such talks fell within the bounds of day-to-day government business.

Menem added that not to hold a dialogue with the Armed Forces would mean a "snowballing" of problems and said that "it is one thing to talk of meetings and another to talk of support for rebellion." [passage omitted]

### Romero on 'Unofficial' Contacts

*PY2212202090 Buenos Aires DYN in Spanish 1858 GMT 21 Dec 90*

[Excerpt] Buenos Aires, 21 Dec (DYN)—Defense Minister Humberto Romero has said that rumors about his alleged contacts with Colonel Mohamed Ali Seineldin are "a great lie." He also categorically denied that he had requested Seineldin's advice before deciding whether or not to join the national cabinet.

Visibly annoyed, Romero first refuted Major Hugo Abete, one of the leaders of the 3 December rebellion, and then Marta Labiau, Colonel Seineldin's wife.

Abete had said earlier that Romero was one of Seineldin's interlocutors, and Seineldin's wife has asserted that the defense minister came to Seineldin's house to seek advice about accepting a cabinet post. According to Marta Labiau, Romero said to Seineldin: "Turk, President Carlos Menem has offered me a cabinet post. What should I do?"

Romero made this denial at the Stella Maris Chapel, where he attended a mass in honor of the newly appointed chaplain, Monsignor Norberto Martina.

He added: "Individual statements are made within the framework of the prevailing freedom of the press, and the media pick them up. But the individuals who make these statements are responsible for them."

Romero said he had had "absolutely no" unofficial contacts with the Painted Faces military. He added: "I would like to add that I have never met with Seineldin during my term as a government official in the Menem administration."

Romero insisted that "it is not true" that he had consulted Seineldin before assuming his duties. [passage omitted]

### Common Market To Be Implemented 1 Jan

*PY2212130890 Buenos Aires Domestic Service in Spanish 1500 GMT 21 Dec 90*

[Excerpt] Argentina and Brazil have ratified that the common market between the two countries will implemented on 1 January 1991; the agreement was signed at the headquarters of the Latin American Integration Association, in Montevideo, Uruguay. The agreement was originally signed in Buenos Aires on 14 December by the Argentine and Brazilian ambassadors, and it means that negotiations for economic complementarity have now concluded.

Meanwhile, the Argentine Foreign Ministry has denied a press report on an alleged deterioration in relations with Uruguay, and it has stressed that bilateral understanding is excellent.

The Foreign Ministry denied an article published in a Buenos Aires morning newspaper on 20 December reporting that there has been a deterioration in diplomatic relations because of a series of requests Uruguayan President Luis Lacalle reportedly submitted to President Menem on 15 December.

According to the Foreign Ministry, Presidents Menem and Lacalle exchanged ideas on the integration plan for the Southern Cone common market, which includes Argentina, Brazil, Paraguay, and Uruguay. [passage omitted]

### Uruguayan Ties Called 'Excellent'

*PY2212132290 Madrid EFE in Spanish 2328 GMT 20 Dec 90*

[Text] Buenos Aires, 20 Dec (EFE)—The Argentine Foreign Ministry today denied that Uruguayan-Argentine ties have deteriorated in view of President Carlos Menem's alleged "annoyance" with his Uruguayan colleague, Luis Lacalle. The Argentine Foreign Ministry added that Argentine-Uruguayan relations are excellent.

The Argentine Foreign Ministry's official denial was issued in response to a report published today by the Buenos Aires newspaper "AMBITO FINANCIERO." This report states that after the meeting with Uruguayan President Lacalle on 15 December, Menem asserted that he dislikes being "pressured" or "coerced."

The newspaper asserted that Lacalle had asked Menem, "in a very undiplomatic manner," to implement customs exemptions for 200 items, to not enforce an Argentine tax on tourism, to stop leasing television channels, and to allow Uruguayan television to be broadcast in Buenos Aires.

"AMBITO FINANCIERO" said that "so many requests" annoyed Menem because he "does not get along" with Lacalle as well as he does with Chilean President Patricio Aylwin or Bolivian President Jaime Paz Zamora.

The newspaper reported that the Argentine Government "dislikes" the fact that Argentine tourists will vacation in Uruguay this summer because of a fall in the dollar rate in Argentina, which is a result of the economic adjustment program that was implemented in 1990.

The Argentine Foreign Ministry reported that during the Menem-Lacalle meeting in Buenos Aires, "there was an exchange of ideas on the South American Southern Cone common market integration program. This common market groups Argentina, Brazil, Uruguay, and Paraguay."

The communique added that "bilateral ties are excellent."

### Rebel Supporters Reportedly Threaten Menem

*PY2212023490 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2040 GMT 21 Dec 90*

[Excerpt] Buenos Aires, 21 Dec (NA)—Deputy Luis Manzano revealed today that President Carlos Menem has received letters and anonymous calls from Painted Faces supporters which threaten the president with assassination if [Painted Faces leader Colonel Mohamed] Ali Seineldin is executed.

Manzano, who has also received death threats, has been given personal protection. He said the threats are "an intense psychological campaign" unleashed by supporters of the Painted Faces to influence the sentence against Seineldin that will be issued in the next few days by the Armed Forces Supreme Council.

Rumors—which intensified today in congressional circles—say that if an officer close to Seineldin is executed then an attack will be carried out against Manzano.

Manzano also disclosed that the third man on the list of targets is Vice President Eduardo Duhalde.

Manzano added: "The government was aware that this campaign was going to be unleashed and has predicted a more intense effort in the next few days as the day of sentencing approaches."

"The situation is getting more tense," and this is why personal protection for government officials has been reinforced, said Manzano.

Last week Manzano publicly reported that he received anonymous death threats. [passage omitted]

### 4,500 People Demonstrate Against Pardons

*PY2312214090 Buenos Aires BUENOS AIRES HERALD in English 22 Dec 90 p 1*

[Text] (NA-DYN)—Some 4,500 persons demonstrated last night against the announced presidential pardon benefiting former Armed Forces Commanders-in-Chief Jorge Videla, Emilio Massera and Roberto Viola and Montonero terrorist Mario Firmenich, among others.

The march, which started at the corner of Corrientes and Callao avenues in this City and ended under the Obelisk, was organized by the Movement towards Socialism (MAS), the Communist Party (PC), the Workers' Party (PO) and other leftwing organizations, together with most human rights organizations.

The main column was led by MAS leader Luis Zamora and Silvia Diaz, former United Left presidential candidate Nestor Vicente, PO leaders Catalina Guagnini and Daniel Rapanelli and Mothers of Plaza de Mayo-Founding line President Nora Cortinas.

The march was carried out despite persistent rain, while demonstrators chanted slogans against the government's military and economic policies.

A communique issued by the organizers states that the pardon is "an arbitrary, aggressive and injust measure contrary to the principle of human rights."

### State Radio Stations Sold to Private Sector

*PY2212180890 Buenos Aires DYN in Spanish 2332 GMT 17 Dec 90*

[Text] Buenos Aires, 17 Dec (DYN)—The radio stations LS 5 Radio Excelsior of Buenos Aires, LU 33 Emisora Pampeana, and LV 3 Radio Cordoba were sold today to different private groups. The winner of the bid for the purchase of LR 3 Radio Belgrano decided, however, to withdraw; therefore, the one that was second will have a chance to buy it.

The documents transferring the radio stations to private hands were signed this afternoon during a ceremony in the conference room of the presidential house in the presence of Raul Granillo Ocampo, legal and technical secretary; Guillermo Ocampo, under secretary of coordination and administration of communications media; and Raul Otero, chief of the National Telecommunications Commission.

The new radio station owners are: Red Celeste y Blanca Inc. bought LS 5 Radio Excelsior; Radiodifusora del Centro Inc. bought LV 3 Radio Cordoba; and Radiodifusora Pampeana bought LU 33 Emisora Pampeana.

Radio Belgrano has already been offered to Nueva Difusora Inc., which is headed by the Gowland group because Migromoldes Inc., which won the bid, did not accept it.

The only thing that remains to be done now is official delivery of the radio stations and disclosure of the amounts offered to win the bids. There is no information when the official delivery will be made.

## Brazil

### Collor To Promote Prosperity, 'Modernity'

*PY2112205090 Rio de Janeiro Rede Globo Television Network in Portuguese 1000 GMT 21 Dec 90*

[Address to the nation given by President Fernando Collor de Mello from Government House in Brasilia before the final cabinet meeting of 1990—live]

[Excerpts] Messrs. Ministers and Secretaries of government:

This is another working meeting. The spirit of brotherhood and solidarity of the approaching Christmas celebration inspires us in our mission to better serve Brazil.

The reestablishment of democracy, which was the work of all of us, has guaranteed freedom but has proved to be insufficient in guaranteeing prosperity. This government, which was elected by the people after many years, has continuously worked for the country and is proud of having contributed to consolidating the democratic process. [passage omitted]

We are ready for the second phase of our government. Now that we have put the house in order, we can prepare to promote prosperity based on what we have learned during these nine months.

We have already done a lot. This is nothing, however, in comparison to what is still left to be done. We have already achieved a lot, and I am sure that we will achieve a lot more if Brazilian society as a whole increases its support and its efforts.

The reform of the state has barely begun. By deregulating the public sector, we have promoted the dynamic development of economic activities and improved the efficiency of government action. Yet those changes have still not reached maturity, and we have to accelerate the denationalization process.

The objective behind reducing the size of the administration was to promote human resources. We intend to work with people, train and promote qualified personnel, reassign resources, promote efficiency, eliminate mediocrity, and encourage productivity.

Public work means service to the public. This is why, in the second phase of government, our reform will concentrate on men rather than machines.

Our commitment to the preservation of our natural resources needs to be translated into efficient action. To this end we have asked for cooperation from the international community, but we do not need to wait for foreign support to safeguard the health of Brazilians. In nine months we were able to identify several areas in the health sector in which funds were being misused. In this second phase we will continue to fight one of the most serious Brazilian diseases: disregard for public health.

The work to recuperate and modernize the productive sector is barely in its initial stage. The new rules were not designed by the new government; they were written in our electoral program, which received substantial support at the ballot box. Even before that, they were reflected by the international trends of a world in which there is room only for societies that are unequivocally committed to modernity.

Modernity implies a strengthening of the state in areas of collective interest and the promotion of private sector activities on the market. The administration, Congress, and the public have been equally devoted to the denationalization process.

Modernity also implies massive state investment in the education sector as well as private company investment in technological innovation and research.

Modernity calls for catching up with technological progress, which is a key to the reactivation of our development, to the just distribution of income, and to the repayment of our debt to major social sectors that still live far from education and science, to the detriment of their human dignity.

With the impulse of modernity, Brazil will be able to reaffirm its universalist position and its weight within the international community, thus seeking to effectively play a role in the dynamic area of international relations.

We demand more participation in key trade and capital operations and unrestricted access to sophisticated technology based on our own open domestic model—which will offer opportunities for everyone—and on a regional integration process that will welcome and never reject partners and areas of cooperation.

We want to sit at the working table of industrialized nations with the authority that stems from our own national effort for development and modernization. We have already begun to achieve this goal through our own merit.

For those who profit by misery or who cannot survive without the support of an authoritarian and paternalist state, 1991 will be a gloomy year. It will undoubtedly be a year of much work and probably of some sacrifice. Yet we will lack neither energy nor courage, since we now need them more than ever.

Messrs. Ministers, Secretaries of government, leaders of the Federal Senate and the Chamber of Deputies, I summoned you today so that we may jointly call upon Brazilian society to continue to help us, because we are working for society.

No one can claim to be the sponsor of national understanding, because national understanding does not lend itself to political use. National understanding is imperative for a nation that is determined to modernize itself. The government, politicians, workers, businessmen, housewives, farmers, and students—all Brazilians—are the privileged actors in the historic task that my government has undertaken and which Brazil will endorse.

As public men we serve the nation, its representatives, and its citizens. We will always be open to dialogue, always. Whenever possible, we will promote the harmonization of positions; whenever inevitable, we will promote honest and impartial debate.

We consider that our work in the government reflects our mission and—above all—our conscience.

I propose that during the Christmas and year-end celebrations you and your relatives recover the energy that was spent in our marathon of routine work.

A country that wants changes—immediate changes—lies ahead of us. I count on this entire team to accelerate our journey toward a better and more prosperous Brazil, a journey in which we will achieve success with the help of God.

### Treasury Registers Surplus in Nov

*PY1812160290 Rio de Janeiro O GLOBO in Portuguese 1 Dec 90 p 27*

[Summary] In November the Treasury took in 524.2 billion cruzeiros and spent 522.6 billion cruzeiros, leaving a surplus of 1.6 billion cruzeiros.

### * Modiano Addresses Progress of Privatization

*91SM0106A Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 20 Nov 90 p 9*

[Interview with Eduardo Modiano, chairman of the National Bank for Economic and Social Development, by Miriam Leitao and Aluizio Maranhao, in Rio de Janeiro; date not given; first two paragraphs are O ESTADO DE SAO PAULO introduction, followed by a news report on the privatization of public utilities]

[Text] Rio de Janeiro—The goal of the privatization program announced by the Collor administration was to privatize one government enterprise per month beginning in the second half of this year. But so far, no firms have been sold. As a result, the program is being criticized even within the administration. But the chairman of the National Bank for Economic and Social Development (BNDES), Eduardo Modiano, presents a series of arguments showing that the commission studying the matter has actually been in operation for only three months. The economist also reveals that there is pressure in some government enterprises to try to avoid the process of selling the firms.

Under pressure both from those wanting the sale of government enterprises to move faster and from representatives of sectors which prefer to see those firms remain in government hands, Modiano says enthusiastically that this is a "good fight." "One of the Collor administration's challenges is to come up with a stabilization plan while also initiating structural changes in the economy," he says. Even though the country is entering a recession that may also affect the pace of privatization, Modiano continues to believe in the program and rejects the criticism that the economic team erred in establishing overly ambitious goals. "I would rather achieve 80 percent of an ambitious goal than 100 percent of nothing."

[O ESTADO] There is beginning to be criticism concerning the pace at which the privatization program is moving forward—some people consider it too slow. Is that criticism valid?

[Modiano] There are no problems delaying the program, although there have been discussions such as the one about Petroquisa [Petrobras Chemical Corporation], the effect of which was to delay until now the issuing of invitations to bid to the consulting firms that will handle the privatization of Copesul [Petrochemical Company of the South]. But we are operating within a suitable time frame. It should be remembered that even though Provisional Measure 155 initiating the privatization policy was published on 16 March, the regulations governing Law No. 8,031, which actually started the program, were not published until 16 August. Before that, we—the BNDES and the commission administering the program—could not do anything. So in fact, we have been in operation for three months, a period in which we have examined the economic-financial situation of 30 firms, included about 20 government enterprises on the privatization list, and issued invitations to bid to consulting firms for 13 operations, on which a decision has already been made on two of them (the Tubarao and Usiminas [Minas Gerais Iron and Steel Mills, Inc.] steel mills). I also hope that within the next few days, we will have selected the consulting firms that will work with Mafersa [Railroad Materials Factory, Inc.], the ICC [Carbochemical Industry of Santa Catarina], and Goiasfertil [Goias Fertilizer Corporation]. It should be emphasized that there are legal deadlines to be observed, and they provide that the auctions must take place seven months after the start of the entire process. So the auctions will begin in February or March. But the intention is to shorten those deadlines. I recall, though, that it took Great Britain 10 years to privatize 12 firms.

[O ESTADO] How can that be done?

[Modiano] The privatization commission has sent the Ministry of Economy a proposed amendment to Decree-Law No. 2,300 of 1986, which deals with the bidding process. That amendment would reduce by half the 30 days now required for enabling consulting firms to qualify to compete. It has not yet been submitted, but we feel that it will be possible to save time if we simplify the

ruling that there must always be two consulting firms for each operation. Perhaps in the case of smaller government enterprises, the best thing would be to choose one consulting firm to handle the privatization of a number of them as a single group. I feel that it will be easier to persuade Congress and society itself to shorten the process of selling government enterprises as the program gets underway.

[O ESTADO] Is the bureaucracy in government enterprises boycotting the program?

[Modiano] There are instances of resistance, but no boycotts. The fact is that the legal limitations which exist to prevent government enterprises from going into debt have restricted their investments and are serving as a good stimulus for them to support the privatization program. In any case, the resistance will grow more obvious in the final phases of the operations in question. The important thing is that the program is moving forward. So far, no lawsuits have been instituted against it. I also have been visiting the judges in the states to explain the program to them, and that is turning out to be an interesting experience, since they are not very accustomed to that kind of proximity to the executive branch.

[O ESTADO] All indications are that when the first government enterprises begin to be sold in the first quarter of next year, the economy will be in a deep recession, and that will certainly constitute a problem for the privatization program. That being the case, is there not a risk that the shares in government enterprises will be sold at very low prices?

[Modiano] I hope that by then we will already be coming out of the crisis. I know that that criticism exists concerning the sales price for the firms in a difficult economic period. Other countries have carried out their stabilization programs first and then started privatizing. It is a fact that a decision to postpone the program because of the recession is political in nature and must be made only by the president of the republic.

[O ESTADO] The debate over the best way to privatize Petroquisa—as a whole or in parts—was carried on against the background of, among other things, the question of the sales price for a government enterprise. Should we seek the best possible price in the auctions, or are there other criteria that should be taken into account in setting the price? Is the privatization program actually protecting the nation's assets?

[Modiano] It is obvious that if you sell a firm along with its market monopoly, its price is going to be higher. But it is not part of the program's principles to turn government monopolies into private monopolies. It is better for society as a whole if the privatization policy increases competition in the economy—and that is in fact one of the program's goals—than to get the best possible price in the auctions. We had to choose a path, and the one we chose was that of making denationalization as consistent as possible with an industrial policy and a format suitable for the Brazil we want. One of the Collor administration's challenges, besides coming up with a stabilization plan, is to initiate structural changes in the economy. In the privatization program, we are not looking only to see what the best deal is for Petroquisa, Tubarao, or any other firm. We are not a big SEST [Special Secretariat for State Enterprises]. We are interested in achieving objectives in economic policy. We are determined not to perpetuate monopoly power in the Brazilian economy. The result is that mergers or the splitting up of firms may even reduce the price for which a firm will be sold, but that is feasible if it is considered from the standpoint of the program's objective.

[O ESTADO] Are you not afraid of criticism and even lawsuits if a firm is sold for less than it would have been under a different mode of sale?

[Modiano] There may be criticism, but that will make a good fight. Since we are certain of our objectives and convinced of what we are doing, any criticism will provide a good opportunity for wholesome debate. We cannot worry about Petrobras' profits; what we must think about are the benefits that will accrue to society as a whole if one of Petrobras' companies is sold. In other countries, privatization has been carried out either by the firms themselves or by the ministries to which they were responsible. That is where Brazil is different. Here the program is centralized so that it will be more consistent with the objectives of the economic policy.

[O ESTADO] The privatization commission has frequently made "suggestions" to the administration. When it comes right down to it, are you inside or outside the administration?

[Modiano] As chairman of the BNDES, I am part of the administration, but I preside over a commission which has seven members from outside the administration. Incidentally, the administration is a minority on the privatization commission. In other words, we began by privatizing the commission itself. And that group does make suggestions. Sometimes the commission feels differently than the administration on a particular matter, and it has been interesting to work at reconciling positions.

[O ESTADO] Is the entire administration aware of those deadlines that must be observed by the program?

[Modiano] I feel that not everyone in the administration is clear on that. This program is necessarily slow and complex, and it affects many interests and requires a lot of patience. We are encountering resistance in the firms themselves, and there are legal time limits agreed on with Congress itself. In addition, we have to take a few precautions which may look like bureaucracy to outsiders, but the administration's idea is that hasty decisions cannot be made when national assets are at stake.

[O ESTADO] Minister Ozires said in an interview that the administration was showing "excessive prudence" in privatization and suggested that the procedure be speeded up.

[Modiano]: I do not believe that Minister Ozires said that, especially because so far most of the problems we have encountered and solved have occurred precisely in firms connected to his ministry, examples being the debate on how to sell Petroquisa and the liabilities of the holding company in the iron and steel sector.

[O ESTADO] Was it a mistake to publicly announce the goal of selling one firm per month? Is it possible that in the privatization program, the Collor administration repeated an error which has been made several times and which consists of setting overly ambitious goals and thus transforming one's victories into defeats?

[Modiano] The goals need to be ambitious. I think it is much better to achieve 80 percent of an ambitious goal than to achieve 100 percent of nothing. The Sarney administration's goals, for example, were all achieved. But what were they? In the field of privatization as in other areas, the Collor administration has already done much more than previous administrations. [end of interview]

**Commission Studies Concession of Public Utility**

Rio de Janeiro—The commission overseeing the National Denationalization Program yesterday examined the draft bill regulating the concession of public utilities to the private sector. The draft, which is expected to be approved on Monday, will be the first step toward privatizing such firms as Light [Brazilian Light and Power Company] and allowing private firms to enter areas such as highway management, for example, which currently is the exclusive responsibility of the states.

According to articles 21 and 175 of the Constitution, the private sector may operate public utilities provided that the National Congress approves a law regulating the matter. The National Bank for Economic and Social Development (BNDES) prepared the study which served as the basis for the draft being examined by the commission. Once the final details have been worked out, the draft will be sent to the Office of the Presidency and the Ministries of Economy and of Infrastructure, which will prepare the version to be submitted to Congress. Before the meeting, the chairman of the BNDES and of the commission, Eduardo Modiano, said that the law would be "a kind of umbrella" similar to the law establishing the National Denationalization Program in that it would lay down the principles to be observed by the authorities in connection with contracts granting public utility concessions; the calculation, revision, and adjustment of rates; consumer guarantees; incentives for productivity; penalties in case of noncompliance with contract clauses, and so on.

## * Credit Program To Promote Exports Under Study

## * Export Financing Priority

*91SM0108A Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 21 Nov 90 p 1*

[Article by Rolf Kuntz; first paragraph is O ESTADO DE SAO PAULO introduction]

[Text] The machinery industry will be the first sector to benefit from new funds.

Financing exports, which have been falling steadily over the past three months, has become an absolute priority, according to the executive secretary of the Ministry of Economy, Joao Maia. Although spending on imports, particularly petroleum, has been rising, the danger signal is on the other side of our foreign accounts: "If there is strangulation, it will come from the export side."

Sales of machinery and equipment are to be the first beneficiaries of the new credit program that is now under study at the ministry. The National Bank for Economic and Social Development (BNDES) already has a line of financing (Finamex [Financing Program for Machinery and Equipment Exports]) for production intended for the foreign market. The bank's management is expected to announce today that funds equivalent to $200 million will be allocated to that line of financing.

The step now under study involves the creation of credits intended specifically for the commercial operation. These are basic loans intended chiefly for those competing in the capital goods market. To ensure that the Brazilian exporter is able to compete, it will also be necessary to compensate for the difference between the high interest rates charged in Brazil and those in effect on the foreign market. That operation, known as rate equalization, has been financed regularly by the National Treasury to the extent that funds have been available. Export loans were supported by a special fund linked to the Treasury and known as Finex [Financing and Export Fund]. That fund has been abolished by the Collor administration. Finex funds lent outside the country must still be repaid, and they may be used to increase the credits available. But the source of funds for the new program has not yet been decided, according to the secretary.

Joao Maia was in Sao Paulo yesterday to discuss the fight against economic bureaucracy at a meeting sponsored by the Liberal Institute. Brazilians, he said, may choose economic reform—that is, the path toward to the First World—or the formation of a bloc with Africa. The commercial opening-up must be part of the reform, he said.

## * Modiano Outlines Programs

*91SM0108A Sao Paulo 0 ESTADO DE SAO PAULO (Economic Section) in Portuguese 22 Nov 90 p 1*

[Article by Fernando Pesciotta; first paragraph is O ESTADO DE SAO PAULO introduction]

[Text] The BNDES is going to set up a line of financing totaling $1.5 billion for machinery.

The National Bank for Economic and Social Development (BNDES) yesterday began making up for the lack of financing available for exports by the capital goods sector. Working through its subsidiary, the Special Agency for Industrial Financing (Finame), it opened the Financing Program for Machinery and Equipment Exports (Finamex) for the preshipment phase. That program provides for loans 20 percent higher than those set by Finame for firms producing goods for sale abroad.

The chairman of the BNDES, Eduardo Modiano, announced that within one or two months, that institution would begin financing foreign purchasers of Brazilian-produced machinery and equipment in what is called the postshipment operation using government subsidies, "as is normal." Modiano said the government would allocate a total of $1.5 billion for both programs through the end of 1991. He said that in the preshipment phase, Finamex would lend about $1 billion in a year's time, including $200 million by December. The firms obtaining export financing will have 30 months in which to pay, with a waiting period, interest rates equivalent to Libor (the London Interbank Offered Rate, currently 8.8 percent for a two- to three-year term) and a relending rate which Finame will set periodically. The credit and the debt will be adjusted on the basis of changes in the value of the U.S. dollar. To obtain credit, a firm must be registered with Finame, and its products must be sold to exporters. Authorization to open Finamex was given by Minister of Economy Zelia Cardoso de Mello, with whom Modiano met in Sao Paulo yesterday.

Finame will provide up to 50 percent of the value of the sale in the case of freight and passenger equipment, tractors, forklifts, portable equipment, and services. That amount will increase to 70 percent of the price of the shipped goods, excluding freight, in the case of other equipment. The financial agents—commercial, state-owned, and investment banks—received authorization to make that line of credit available beginning yesterday.

"We need to stimulate exports," said Modiano following his meeting with Zelia. According to him, the total production of machinery and equipment covered by financing from Finamex will reach $2 billion over the next 13 months. Teofilo de Andrade Orti, chairman of the Brazilian Association of Basic Industries (ABDIB), said that the measure was coming at the right time. "Firms in that sector have idle capacity totaling 50 percent, order books are down by 56 percent since 1985, and we have already laid off 22,000 of our 100,000 employees," he explained.

Besides the financing of exports, Orti wants the government to renegotiate the $500 million worth of contracts recently signed between firms in the sector and government enterprises. The government-controlled enterprises already owe $280 million to machinery and equipment producing firms.

## * Maia on Trade Balance

*91SM0108A Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 23 Nov 90 p 5*

[Article by Nelson Torreao; first paragraph is O ESTADO DE SAO PAULO introduction]

[Text] The executive secretary of the Ministry of Economy warns of a "wave of hoodwinking."

Brasilia—The executive secretary of the Ministry of Economy, Joao Maia, summoned a group of reporters to his office yesterday to prove that there is no danger that the country's trade balance is going to collapse. "A new wave of hoodwinking is underway," said Joao Maia in reference to predictions that a foreign exchange crisis is beginning to take shape with an inevitable trade balance deficit in December.

Joao Maia acknowledges difficulties in financing Brazilian exports, pressure from increased spending on petroleum, and the drop in earnings from significant export items such as coffee, soybeans, oranges, and transportation equipment. But he argues that none of those factors can be attributed to the new industrial and foreign trade policy or to the foreign exchange policy.

According to data presented by Joao Maia, a drop of $3.3 billion in the trade balance will result solely from lower earnings from coffee and soybean exports ($1.5 billion) and higher spending on imports of petroleum ($1.7 billion) and wheat ($99 million). Added to that is a drop of $700 million in exports of transportation equipment (chiefly automobiles)—the latter influenced by the loss of domestic competitiveness and a lack of financing, while the other factors are explained by current conditions on the international market.

### Reaction

While cautioning that the current administration is not trying to achieve megasurpluses at all costs, Joao Maia attempted to prove that the dollar's rise against the cruzeiro had already brought a reaction from exports. Foreign exchange contracts for exports which were signed in October—and which will become actual sales between mid-January and December—were at their best level for the past three years: $2.8 billion. And export contracts in the same month, including petroleum, closed at $1.9 billion. "That shows that the inevitable deficit in December is turning around," said Joao Maia.

According to the secretary, the trend is continuing in November. Export contracts on the order of $200 million were signed on Wednesday the 21st alone. The daily average for the month should come to around $135 million. Import contracts excluding petroleum show a daily moving average of $57 million. Imports of "luxury items," according to Joao Maia's figures, totaled $362 million from May through October, for a monthly average of $60 million—or 3 percent of the country's monthly purchases abroad (on the order of $2 billion).

Joao Maia also said that the government "is studying, but is not in a panic about," mechanisms for "postshipment" financing for Brazilian exports. Since yesterday, the Finamex special line of credit has consisted of $800 million for the "preshipment" financing of capital goods.

### * No Foreign Trade Policy Change

*91SM0108A Sao Paulo 0 ESTADO DE SAO PAULO (Economic Section) in Portuguese 23 Nov 90 p 5*

[Text] The director of the Foreign Trade Department (Decex), Ambassador Arthur Denot de Medeiros, said yesterday that the government was not going to alter its foreign trade policy despite the very poor trade balance figures in October. He said that a provisional measure will be published before December to establish a new instrument for financing exports using funds from the repayment of loans granted by the former Finex. "We are accelerating the negotiations to get those payments made," he commented at the meeting sponsored in Rio de Janeiro by the Brazilian Association of Export Trading Companies (ABECE).

Denot claimed that the government had already foreseen that exports would drop following application of the economic shock. "It was foreseen that there would be a drop of about 10 percent in exports in comparison with last year," he said. According to the ambassador, the government recognizes the existence of large demand for credits for exporting goods. "We are trying to reestablish those financing mechanisms despite the contingencies imposed by the stabilization plan," he explained.

"The policy of deregulating foreign trade must be further developed," the ambassador said, claiming that the opening-up in connection with imports was beginning to show results. "Imports of machinery and equipment this year are up by 20 percent from last year," he announced, saying that "that equipment is for the modernization of the firms."

### * SAE Said Losing Ground to Goldemberg

*91WP0045A Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Nov 90 p A-4*

[Commentary by Sonia Mossri in Brasilia]

[Text] Now that it has lost favor with President Collor, the Secretariat of Strategic Affairs is losing several of its functions to the Secretariat of Science and Technology. As soon as the Commission for Congressional Investigation (CPI) on the parallel nuclear program finishes its work, President Fernando Collor de Mello, 42, will probably transfer to the Secretariat of Science and Technology the task of supervising all nuclear activities carried out in this country.

More and more of the duties originally assigned to Secretary of Strategic Affairs Pedro Paulo Leone Ramos, 29, are being stripped away. In the nuclear area, the secretariat is still allied with the military ministries, which resist civilian control over the parallel program.

Even so, President Collor will meet with Argentine President Carlos Menen in Foz de Iguacu on 28 November to decide on common safeguards for nuclear activities in the two countries.

After adopting common measures for the nuclear programs being carried out by Brazil and by Argentina, the next step will be to authorize inspections by the International Atomic Energy Agency (IAEA).

Those changes in the conduct of nuclear policy are evidence of the influence that Secretary of Science and Technology Jose Goldemberg, 62, has with Collor. Maintenance of the control of the nuclear program within the jurisdiction of the Secretariat of Strategic Affairs has caused the Brazilian government some embarrassment on the international scene.

Goldemberg is also getting ready to bar the economic defense proposal made by the Secretariat of Strategic Affairs. With the support of Minister of the Economy Zelia Cardoso de Mello, 37, Goldemberg wants to transfer the National Institute of Metrology, Standardization, and Industrial Quality (Inmetro) and the National Institute of Industrial Property (INPI), now in the Ministry of Justice, to his secretariat.

Since he failed in his effort to create a secretariat of economic defense attached to the Office of the President, the director of the Department of Macrostrategy, Pedro Bara, has wanted to have all the inspection and consumer protection agencies concentrated in the Ministry of Justice. With the departure of Bernardo Cabral, 58, as justice minister, Bara has found it impossible to win additional support to keep the two institutions at Justice. A presidential decree that transfers Inmetro and INPI to the Secretariat of Science and Technology is already ready for issue.

Bara's interference is irritating advisors at the ministry of the economy—especially his insistence with regard to various decisions, ranging from informatics to the system of collecting data for the inflation indexes. FOLHA has learned that the macrostrategy department now has little influence on the decisions of the economy ministry, but still has good relations with the Secretariat of Economic Policy, thanks to ties between Bara and Antonio Kandir, 39, special secretary for economic policy.

Besides being close to the military, the Secretariat of Strategic Affairs also operates in perfect harmony with the Secretariat of Regional Development, headed by Egberto Batista, 40. Frequently compared to the Ministry of the Interior under the Figueiredo administration, the regional development secretariat is a tool for distributing funds to Collor's political allies, an activity followed with interest by the Secretariat of Strategic Affairs.

FOLHA tried to contact Secretary Pedro Paulo Leone Ramos and his adviser Pedro Bara at the strategic affairs secretariat to obtain their comments on this subject. However, they could not be located by reporters and did not return telephone calls.

### * CPI Sees Bomb Configuration Project at Ieav

*91WP0045B Sao Paulo GAZETA MERCANTIL in Portuguese 29 Nov 90 p 16*

[Article by Helcio Costa in Sao Jose dos Campos]

[Text] Members of the Commission for Congressional Investigation (CPI) looking into the parallel nuclear program are visiting the Institute of Advanced Studies (Ieav) at the Aerospace Technical Center (CTA) in Sao Jose dos Campos today. This is where the design of a nuclear fast reactor was developed. It was classified as "Project Amazon" and was part of the parallel nuclear program called "Project Solimoes" which, before it was suspended by President Fernando Collor, called for the first Brazilian atomic bomb to be built in 1990.

The delegation of eight legislators, headed by the president of the CPI, Rio de Janeiro Deputy Ana Maria Rattes (PSDB) [Brazilian Social Democracy Party] will arrive at the CTA at 0930 hours and be met by Minister of Aeronautics Brigadier General Socrates da Costa Monteiro, center director Brigadier General Sergio Xavier Ferolla, and Ieav Director Colonel Reginaldo Santos.

The legislators will visit three areas of Ieav—the Center for Research and Development (CPD), the laser research laboratory, and the linear electron accelerator that was inaugurated in February by then-president Jose Sarney. One of the sectors of the nuclear program being given priority at Ieav is the research into laser enrichment of uranium. The press will accompany this visit by the representatives of the CPI.

In its visit to Ieav, the CPI will be making contact with one of the most tightly restricted nuclear research centers in this country—the one where the design for the first Brazilian atomic bomb was successfully developed. There were two configurations of that design—one device of 20 to 30 kilotons (equal in force to 20 to 30 tons of dynamite), and a lighter, 12-kiloton version. The first could be dropped from aircraft, and the other one launched from the ground.

According to the design developed at the time, the missile would be a variation of the satellite launch vehicle (VLS) which was designed to put satellites into orbit for the Brazilian Complete Space Mission (MECB).

Work on the project was decelerated at the beginning of the 1980's owing to a shortage of funds and to a political decision made by the government. Under the project timetable, authorization was supposed to be obtained in 1990 from the president of Brazil to build the first bomb. Ironically, the entire parallel nuclear program was suspended this year by President Collor.

The nuclear program faces the problem of a funds shortage again in 1990. The working group of the National Commission for Nuclear Energy (CNEN), which examined the nuclear program, considered investment in Ieav's fast reactor project a priority and called for the release of $3 billion in appropriations over a 15-year period for this effort.

But no funds were ever released. The project includes the construction of a fast regenerative reactor powered by thorium or uranium, with a power rating of 300 megawatts. An experimental model, with a load of up to 100 megawatts, could be ready in 10 years. Electricity generation requires uranium that has been enriched to 3.5 percent.

Using the CTA's low-power reactor, however, it is possible to obtain plutonium. In a small reactor, each megawatt of electricity produced yields 250 grams of plutonium. In the experimental reactor, up to 25 kg of plutonium can be obtained in a year. This is two-and-a-half times the quantity necessary to make an atomic bomb, for example.

## Chile

### Senator Reports Pinochet 'May' Resign in Apr

*PY2112220090 Buenos Aires TELAM in Spanish 1801 GMT 21 Dec 90*

[Text] Santiago, 21 Dec (TELAM-ANSA)—General Augusto Pinochet, Army commander and former de facto president of Chile, may have expressed his willingness to resign in the near future, possibly in April, according to rightist Senator Sergio Onofre Jarpa, a member of Pinochet's former government.

This announcement comes after a new, wide gap was opened in the delicate relations between the government and Chilean military officers following the worrisome "security, readiness, and liaison exercises" staged by the Army during the night of 19 December.

Jarpa, who has a long-established association with Pinochet as his ambassador to Argentina and interior minister in his cabinet, may have revealed to an Aylwin administration official that the Army chief's decision was reinforced by the adverse reactions to the Army's confinement to barracks ordered on 19 December, which even showed a lack of support for him within the Army.

Some of the factors that may have moved the military men to stage the worrisome exercises are the alleged request for Pinochet's resignation, investigations into the "La Cutufa" financial fraud and human rights violations during the 16 years of military rule, and the alleged campaign by the official media to discredit military officers.

The explanations Pinochet gave for the troop confinement were not satisfactory to the public in general nor to sectors close to the executive branch. Sources close to the executive branch have said, however, that "no further details on the troop confinement exercise in all military units throughout the country will be made public."

The tense situation, which alarmed the population and could have unexpectedly brought about Pinochet's departure from the Army, began with a meeting of Defense Minister Patricio Rojas and General Jorge Ballerino, chief of the commander in chief's Advisory Committee.

Ballerino told Minister Rojas about "Pinochet's discomfort with the way the pro-government press has been treating matters related to 'La Cutufa,' the illegal finance company that operated within the Army and which may involve 150 officers, and the case of the Army checks paid to his son, Augusto Pinochet Hiriart."

Now the issue could be over the decision made by the Armed Forces commanders prior to the elections that brought Aylwin to power—that Pinochet should stay on as Army commander until 1998—and the apparently voluntary decision by Pinochet to leave the post.

### Jarpa Plays Intermediary Between Army, Government

*PY2112235690 Santiago Radio Chilena Network in Spanish 1600 GMT 21 Dec 90*

[Text] Senator Sergio Onofre Jarpa of the National Renewal Party [RN] has admitted that he acted as an intermediary between the Army and the government over the past few days to discuss subjects of interest to the Army.

This information gives more credibility to a report that Jarpa had told authorities at La Moneda Palace that General Augusto Pinochet was willing to negotiate his resignation in exchange for an agreement on the case of the checks [reportedly issued by the Army to his son] and the Rettig Commission [a reference to the Truth and Reconciliation Commission, which is investigating violations of human rights under the Pinochet government].

Jarpa, upon reporting his own brief version, said the media has only partially and inaccurately informed the public on the subject.

[Begin recording] [Jarpa] At the request of some Army generals, I met with the president of the Republic to discuss subjects of interest to the Army. I informed the generals about the results of this meeting in a timely manner. I cannot report further details of this meeting since it was confidential.

[Reporter] [Question indistinct]?

[Jarpa] What has been published is inaccurate and incomplete. [end recording]

RN Vice President Miguel Otero stated that the party morally and fully supports Jarpa's activities, although it still does not know what was involved. Otero said that trying to make believe that the Army maneuvers did not cause unrest among the people would be like burying one's head in the sand, because the explanations that have been given have convinced no one. There is objective information, and the people are not fools, he said.

### Reportage on Army Situation Summarized

*PY2412110790 Madrid EFE in Spanish 1550 GMT 20 Dec 90*

[Text] Santiago, 20 Dec (EFE)—Today's press reports stress that the Army's confinement to barracks early this morning was due to internal problems that were the result of pressure from a certain sector against General Augusto Pinochet after cases of corruption that occurred during his presidency came to light.

The confinement to barracks, which caused a tense situation for eight and a half hours, is being thoroughly covered by the media, which is mixing reportage with commentaries and all kinds of speculation.

Defense Minister Patricio Rojas has defined the military mobilization as "an exercise to help outline liaison plans." Rojas had previously said it was "an irregular development" within the Army.

The newspaper LA NACION, citing "an expert in military matters," stresses that the confinement to barracks was the result of an internal struggle between officers demanding that Pinochet resign as Army commander and others who want him to remain in the post.

The pro-government newspaper indicates that officers in the former group unsuccessfully tried to get the government to ask Pinochet to resign. When he ordered the confinement to barracks, "they tried to convince him to desist from such folly."

LA NACION adds that the internal struggle led to a crisis when Pinochet handed over to the courts the names of 150 officers and NCO's who had been sanctioned for their involvement in the activities of the illegal La Cutufa financial firm, which, in the opinion of the dissidents, "sullied the prestige of the Army."

The newspaper LA EPOCA reports that the confinement to barracks was a method of pressuring the government because the Army believes that the attacks against the commander in chief are unjust. The report adds, however, that the mobilization did not receive the approval of all the high command.

LA EPOCA, which leans toward the Christian Democrats, mentions Lieutenant General Jorge Lucar, deputy Army commander in chief, as the leader of the sector opposing Pinochet.

Several media highlighted the fact that Lucar, together with President Patricio Aylwin, participated in a graduation ceremony for new Carabineros officers (militarized police) a few hours after the confinement to barracks took place.

The newspapers recall that Lucar was "the promoter" of the agreement achieved in November 1990 between the government and the Army on the Army leadership, when a serious confrontation took place between Aylwin and Pinochet over the president's refusal to promote two generals who were supporters of Pinochet.

The newspaper FORTIN MAPOCHO, citing "intelligence sources," reports that the officers who confined themselves to barracks submitted three demands to the government: an end to the slander campaign against Pinochet, the removal of the defense minister, and the resignation of all socialist ministers.

Early this morning Rojas himself denied that the government had asked Pinochet for his resignation, and he stressed that the situation did not mean that institutional order has broken down.

The media, political leaders, and analysts agreed that a clearer explanation will have to be given on the causes and nature of this confinement to barracks. This is a clear demonstration that the defense minister's explanation has convinced no one.

## Colombia

### Government Minister Julio Sanchez Resigns

*PA2112184490 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 21 Dec 90*

[Text] In presenting his resignation today, Government Minister Julio Cesar Sanchez Garcia said that he is pleased with his performance and with the fact that he has had no confrontation with the president or the Congress. He believes that his main accomplishments were the reorganization of the ministry, the issuance of public order provisions that have brought relative calm to the country, and the creation of the the Civic Police.

Former Minister Sanchez said that he is no constitutional expert and, in view of the upcoming Constituent Assembly process, prefers that his replacement be an expert on the subject.

[Begin recording] [Sanchez] I leave the ministry without having quarreled with anyone, because I believe that I fulfilled the tasks that the president assigned me.

[Reporter] One always believes that there is another reason. What prompted you to finally leave?

[Sanchez] No, you journalists always think the worst. You act like that to go after the news. You think good news is not worth reporting; you think only spicy news is. However, I respect you and I have the best of relations with the media. It has been reported that I was in trouble with the attorney general issue. That was not as contentious or complex as suggested.

For example, it was reported that I said that the congress should choose from a list of candidates. However, that is the law; it is specified in the Constitution. It was also reported that during a ceremony I praised the qualities of certain candidates. Perhaps I went overboard in voicing my admiration for the person who is now the attorney general-elect. [end recording]

Former Minister Sanchez played a key role in the demobilization of several armed groups such as the Popular Liberation Army, the Revolutionary Workers Party, and the Quintin Lame Commando Unit.

### De la Calle Appointed New Minister

*PA2212042790 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 22 Dec 90*

[Text] As this newscast reported yesterday, Government Minister Julio Cesar Sanchez resigned his post this morning. By this afternoon there was a new government minister. He is Humberto de la Calle Lombana, former National Civil Service registrar. He is one of the most versed lawyers in matters pertaining to the National Constituent Assembly.

The new government minister is, above all, a supporter of the National Constituent Assembly. He was born in Manizales. He is a liberal and a labor lawyer. He has been a magistrate of the Supreme Court, the registrar of the National Civil Service, and a UN adviser. Over the past few months he has been an adviser to President Gaviria on constitutional and electoral matters. He has just published a book on electoral law.

As a magistrate of the Supreme Court, he supported the National Constituent Assembly as a solution to public order problems. He is a quiet, prudent, academic man.

He has said that the Constituent Assembly is definitely the road to peace.

[Begin de la Calle recording] We must continue to work on the Constitution. We believe that a great effort can be made to give this country a broad new constitution that will be the path to peace for all Colombians. [end recording]

He assures that as a politician he is not opposed by any political sector. He is willing to open the path to peace with guerrilla groups.

### War Between Medellin, Cali Cartel Bosses Renewed

*PA2312025790 Mexico City NOTIMEX in Spanish 2326 GMT 22 Dec 90*

[Text] Bogota, 22 Dec (NOTIMEX)—Drug trafficker Pablo Escobar Gaviria today accused his bitter enemy

Gilberto Rodriguez Orejuela of being an informer, hypocrite, and murderer. This seems to confirm the renewal of the war between the Colombian drug lords.

The clashes between them, which in the last two years left more than 200 dead, flared up again on 17 December, when the members of the Medellin cartel blamed Rodriguez Orejuela of the Cali cartel for the attacks in Medellin last week.

According to the Medellin Extraditables, the attacks ordered by Rodriguez were intended to "hinder" possible peace agreements between the government and the Extraditables.

Last week the head of the Cali Cartel sent a letter to the attorney general affirming that he had never attacked "Pablo Escobar Gaviria, and much less innocent people."

When Escobar Gaviria learned of this letter today, he sent a letter to Rodriguez, saying: "It is very easy to be a hypocrite, Mr. Rodriguez Orejuela."

Escobar added, "I would like to remind you that the first and biggest dynamite attack ever in Medellin (at the beginning of 1988) was ordered by you. Many innocent persons, among them children and elderly people, died."

In his letter, Gaviria says that some time ago Rodriguez Orejuela invited Jorge Luis Ochoa Vasquez (number two man in the Medellin Cartel) to Cali, "and later informed on him to take pressure off his organization."

Escobar said, "It is known that you were responsible for the first kidnappings in El Cauca Valley" (in the Cali area), and that human rights organizations accuse you "of several massacres and the disappearance of innocent people."

Meanwhile, Colombian intelligence services claim that Pablo Escobar is responsible for the bombing of several government buildings that have caused hundreds of dead, as part of the war between the government and drug traffickers.

The war between the Medellin and the Cali Cartels started in January 1988. It lasted until the government intensified its war against the drug traffickers after the murder of presidential candidate Luis Carlos Galan in August 1989.

In view of the intensification of the government's operations, the cartels declared a truce to be able to use all their power against the government security forces that were attacking them.

During the last few months, clashes between the two cartels have been renewed, leaving more than 30 dead.

On 15 December there was a series of attacks in Medellin, which Escobar Gaviria blames on Rodriguez Orejuela.

## Extraditables Reject New Government Offer

*PA2312012590 Mexico City NOTIMEX in Spanish 2346 GMT 22 Dec 90*

[Text] Bogota, 22 Dec (NOTIMEX)—In a letter addressed to U.S. Ambassador in Colombia Thomas McNamara, the Extraditables today rejected the Colombian Government's new proposal for their surrender.

The Extraditables suggested that they be afforded treatment similar to that which the United States gives repentant members of the mafia. They told McNamara: "You Americans are the pioneers, the only ones in the world who negotiate with drug traffickers, like you did with Lucky Luciano."

Regarding Decrees 2047 and 3030—which guarantee that drug traffickers who turn themselves in, confess their crimes, and inform on other criminals will not be extradited and will receive lesser sentences—the Extraditables charged that it is part of the government's repressive policy regarding drug trafficking." [no opening quotation mark as received]

According to the Extraditables, no judicial system in the world compels its citizens to declare themselves guilty.

The letter sent to McNamara is the first reaction by the Extraditables to Decree 3030 that was issued on Monday. The group, which includes the leading Colombian drug traffickers, demanded that the requirement for confession, which is included in Decree 2047 of 5 September, should be dropped.

Decree 3030 guarantees, in more explicit terms, that drug traffickers who turn themselves in will not be extradited, and that they will be incarcerated in a single high security jail.

On Tuesday, one day after Decree 3030 was issued, Fabio Ochoa Vasquez turned himself in to the authorities. Ochoa, the first of the ranking leaders of the Medellin Cartel to take advantage of Decrees 2047 and 3030, clarified that his was "an individual" decision.

In their letter to McNamara, the Extraditables accused the United States of violating the human rights of the Colombian drug traffickers under arrest in the United States. They said that the U.S. justice system is partial because it is harsh with Colombian drug traffickers, but gives privileged treatment to major U.S. criminals.

The Extraditables mentioned the treatment given to Lucky Luciano and, more recently, to Barry Seal, who "boasted of having introduced 10,000 kg of cocaine into the United States." Seal's murder in 1986 is attributed to the Medellin Cartel.

The United States filed an extradition request for Fabio Ochoa, accusing him of participating in Seal's murder in Baton Rouge, Louisiana, on 19 February 1986. Thanks to the decrees, however, under which he turned himself in, Ochoa will stand trial in Colombia.

In the letter to McNamara the Extraditables referred to "certain Colombian and foreign media which were shocked over President Cesar Gaviria's decision to suspend the extradition" of drug traffickers who take advantage of Decrees 3030 and 2047.

THE NEW YORK TIMES said this week that the Colombian Government's new policy to solve the drug trafficking problem grants "too many concessions" to the drug capos.

Referring to Marion Barry, who was absolved after being tried for using cocaine, the Extraditables asked McNamara: "How much time did the mayor of Washington spend in jail?"

The Extraditables described the late Barry Seal as "the capo of all U.S. cocaine capos," who nonetheless was "never in a U.S. jail," and asked McNamara to "tell the Colombian people, Mr. Ambassador, how much time he spent in jail."

According to intelligence sources, Seal was a drug trafficker who was also a DEA plant in the Medellin cartel. Seal reportedly was the person who took photographs in Nicaragua showing Pablo Escobar Gaviria loading packages of cocaine onto a plane that would later take off for Florida, U.S.A. After Seal was found out, Fabio Ochoa and Rafael Cardona, who were in charge of the Medellin Cartel's operations in Miami, were tasked with murdering him.

According to observers, the Extraditables' letter to McNamara seems to dismiss the possibility of a surrender en masse to the Colombian authorities, a hope that had been sparked by Ochoa's surrender on Tuesday.

The Extraditables demanded that the confession of crimes be dropped from Decree 2047 and that drug trafficking be granted the treatment of "collective crime" similar to that given to political crimes.

Decree 3030, which was issued on Monday, did not mention either of these two demands, which the drug traffickers consider basic demands.

## Peru

### State of Emergency Extended in Eight Departments

*PY2312023490 Lima Television Peruana in Spanish 0100 GMT 23 Dec 90*

[Text] The government has extended the state of emergency in eight departments for 60 days at the request of the Armed Forces Joint Command. The departments affected by this measure are Apurimac, Huancavelica, Pasco, Junin, San Martin, Huanuco, Ucayali, and Ayacucho, except Huamanga Province in Ayacucho.

### Fujimori Admits 'Failure' of Antidrug Campaign

*PY2312192590 Madrid EFE in Spanish 0119 GMT 22 Dec 90*

[Text] Lima, 21 Dec (EFE)—Peruvian President Alberto Fujimori today admitted the failure of the antidrug campaign in Peru, where more than 60 percent of the cocaine consumed in the world is produced. Fujimori stated in a news conference that he was the first to criticize Peru's antidrug policy and that high-ranking U.S. officials and the U.S. Congress have now joined him.

"I have been very harsh because there have been no results (in the antidrug struggle)," he said. "On the contrary, there has been an increase in the area covered by coca crops, and the effect of drug trafficking on the national economy has been so great that it has prevented our economy from improving as we thought it would," Fujimori added.

It is believed that there are more than 200,000 hectares of coca planted on the eastern side of the Andes in Peru, especially in the Huallaga River region, and this represents more than 60 percent of the world's coca crop.

John Walters, director of the U.S. National Office on Drug Control, indirectly criticized the lack of results from the Peruvian Government's antidrug policy on 21 December. "Positive results have been achieved in Colombia and Bolivia, but there is no information in Peru," said Walters in a teleconference over a U.S. official television service.

The U.S. Congress, in a broad report released the same day, said the fight against drug trafficking in Andean countries was "ineffective" and accused President George Bush's administration of using antidrug assistance as a "smoke screen" for military antiguerrilla aid.

Fujimori did not comment on that report even though he was directly asked if his country has diverted U.S. antidrug assistance to the antiguerrilla struggle.

The Peruvian president recalled that the United States has officially denied a media report on the suspension of antidrug assistance to Peru. The report was based on a statement by Robert Bonner, director of the U.S. DEA [Drug Enforcement Administration]. Fujimori noted that his government's antidrug policy is "being understood better and better by the U.S. Government."

Fujimori said: "The DEA is not the only one dealing with the drug problem. There are various options. Special envoy Hernando de Soto achieved concrete results. Understanding of this problem is gradually growing at the U.S. Treasury and State Departments, as well as among many congressmen."

U.S. diplomatic sources in Lima reported that there was a "recess" in operations from the DEA base in Santa

Lucia, in the coca-growing Huallaga Valley, as a result of a dispute involving U.S. agents and the Peruvian Police with soldiers of the Army.

Fujimori admitted that there were "contradictions in drug-trafficking control" between the police and Army because "they were acting independently." He added that an agreement has been reached for the two Peruvian security forces to act together against drugs.

The criticism against the Peruvian antidrug policy coincided with an announcement by the Air Force that Peru will capture or destroy airplanes carrying drugs.

Ineffective control over Peruvian airspace and drug runners' bribes to members of the security forces were officially recognized as factors which in the last few years have allowed airplanes carrying drugs to operate almost freely from clandestine and even legal airfields in the Peruvian jungle.

### One Dead, Five Injured in Bomb Attacks

*PY2212032190 Lima Television Peruana in Spanish 1800 GMT 21 Dec 90*

[Excerpts] The police have reinforced their units and are in a state of red alert for possible pre-Christmas attacks. Early this morning a car bomb exploded in the Camino Real shopping center in San Isidro District, seriously injuring four people and causing great material damage. [passage omitted]

In another attack carried out at about the same time, a bomb explosion killed a young woman and wounded her brother in Villa El Salvador.

[Begin recording] [Reporter] We are inside the bedroom of Leiva Alba, into which a bomb was thrown at midnight. The explosion killed Fanny Patricia Leiva Alba, 16, and seriously wounded Hans Leiva Alba, 10, who was sleeping in the same bedroom. [end recording]

### Fujimori on Economy, Tax Administration Changes

*PY2312010690 Lima Domestic Service in Spanish 1200 GMT 22 Dec 90*

[Text] President Alberto Fujimori has stressed that his government's economic plan lies midway between the shock policy and the gradual policy. He expressed his conviction that the economic agents and the population at large will be able to eliminate their speculative expectations so the economy can be definitively recovered and the credibility of the regime consolidated.

The chief of state also noted that the latest gasoline price increase was the result of a need to improve fiscal revenues and that the increase has not set off an stampede in prices for essential products. The tax rate is holding at 550,000 intis to the dollar and prices are stabilizing.

At the news conference, the president announced the reorganization and restructuring of the National Superintendency of Tax Administration to ensure greater revenues. Fujimori anticipated that new taxes would be levied once the reform of the tax code is implemented.

### Fisheries Minister Criticizes Soviet Contract

*PY2412001690 Lima Television Peruana in Spanish 1100 GMT 21 Dec 90*

[Text] Fisheries Minister Raul Sanchez Sotomayor has said that the fishing contracts signed with the Soviet Union harm national interests. He added that these contracts should be annulled because they do not help feed the Peruvian people.

[Begin recording] [Sanchez] Let us talk about one specific contract, the one between the State Fishmeal and Fish Oil Production Agency [Pescaperu] and the Soviet fishing company, Sovryba. It is known that the Soviets are trying to renegotiate the terms of the contract. I have repeatedly said that as far as national interests are concerned, this contract is fraught with articles that are harmful to these interests.

[Unidentified reporter] Will amendments be proposed?

[Sanchez] They will be proposed. The Peruvian company has proposed amendments; in fact, it has asked for a technically different contract. We have received no answer so far. It would seem that the attitude toward us is not solidaristic. We are fully aware of the sufferings of the Soviet people. We realize this, but our people are also suffering. Thus, we must seek an arrangement that will satisfy both countries.

[Reporter] What are the substantial changes this contract could undergo?

[Sanchez] First, we do not believe the Peruvian company should pay for all expenditures, such as licenses, transfers, and others. The Peruvian company should not pick up the bill for these expenditures because we must take into account what we are getting in exchange. If we were to discount all these expenditures, the 16.5 percent of the catch that the Soviets are obliged to turn over to us is reduced to less than nine percent.

[Reporter] You are saying that the government is not in favor of this contract with the Soviets?

[Sanchez] Definitely not. This contract does not favor national interests.

[Reporter] What can you tell us about the rumors that Pescaperu will be one of the companies that will be up for sale next year?

[Sanchez] We have said this many times: Fishing companies will not be privatized for the time being. The state policy, as described by President Fujimori, is that no inefficient state companies will be bailed out. We will

make state companies efficient; we will make them produce for the country, not live off the country. [end recording]

## Venezuela

### * Morales Bello Comments on Drug Issues

*91SM0102E Caracas EL DIARIO DE CARACAS in Spanish 30 Oct 90 p 31*

[Text] In the Salon de los Escudos yesterday, David Morales Bello, president of the National Congress, officially opened the Training Seminar on Reducing the Demand for Drugs, which will be held from 29 October to 1 November.

The essential purpose of the seminar is to find a way to reach young people who are most vulnerable or at greatest risk through systematic programs which, in order to have a greater scope, call upon means of social dissemination.

Morales Bello said the program seeks to use social communicators as its best allies in leading the national community toward a much needed awareness in order to achieve satisfactory results in the fight against drugs. Specifically: "We have been fighting this evil for many years with unsatisfactory results. Consequently, a sensible evaluation has led us to ally ourselves with social communicators in order to motivate those in government as well as those governed. In this way, we shall be able to accomplish a goal that has eluded us so far, that of eradicating an evil that mainly targets young people."

Morales Bello believes that unsatisfactory results are mainly due to the fact that government action on drug problems has so far been spasmodic. "There is a profound lack of awareness on the part of the national community, and it is precisely in the search for such awareness that we decided to organize this seminar, in an attempt to make the truth about drugs known, not only to occasional, regular, habitual, and potential users, but also those in government who are called upon to draft and apply policies that will be expressed in concrete, beneficial action in the battle against drugs."

On the matter of reform of the Antidrug Law, the president of the Congress said it is under study by the Lower Chamber's Antidrug Committee headed by Deputy Luis Hernandez. He also noted that a group of experts has met with congressmen for the purpose of advising them. It is hoped that by the time next year's sessions begin in March of 1991, the proposal will be ready for debate by the full chamber.

### * Fernandez Addresses Concerns on Crime Problem

*91SM0102C Caracas EL NACIONAL in Spanish 7 Nov 90 p D16*

[Text] Eduardo Fernandez, general secretary of COPEI [Social Christian Party], has asked the president to deal with the underworld more harshly and urged the government to become aware of the "enormous gravity" of the problem of insecurity now affecting all Venezuelans.

"The country is defenseless and cannot prosper. The country cannot prosper. The country cannot be calm when people have the impression that we are in the hands of criminals. The city is unarmed; the country is defenseless. The great challenge facing the democratic state is to demonstrate that it can preserve peace and guarantee the safety of its citizens."

The Social Christian leader maintains that a democratic state has no reason to be a weak or ineffective state. "The first challenge facing a democratic state is to restore the citizens' peace and tranquillity."

#### Government Without Energy

Fernandez went on to say that the current government "takes no vigorous action on anything." Rather, what one observes is a great deal of contemplation, great weakness, great concentration on problems other than the people's security.

"I feel that what it must do is transmit to the country the awareness that for the government and the democratic state, facing the problem of security is the top priority."

Fernandez also reiterated that the Social Christian Party is willing to approve the resources the government needs to guarantee Venezuelans peace and tranquillity.

#### Reforming Judicial System

The general secretary of the "green camp" added that the government should make a very great effort to resolve, among other things, the problem of police specialization. "We also have to go back to the concept of well-equipped and effectively-managed police units."

"We must reform the judicial system as well. The police are demoralized because criminals are often apprehended and the Judicial Branch later releases them with an absolutely inadmissible casualness. We need a Judicial Branch not penetrated by sectarianism, corruption, partisanship, and politicization. Venezuela needs a modern, efficient, and trustworthy Judicial Branch."

He emphasized the need to reform codes and guarantee the proper application of sanctions. "These operations are important because at a given moment, they restore a certain tranquillity, but with a coherent, sustained, continuing policy of law enforcement."

Fernandez believes the causes and origins of crime must be analyzed and the social problem attacked "because, to a very great extent, theft motivated by hunger has become a fact of Venezuelan life.

"What the country is now demanding is the presence in the streets of a well-trained, well-equipped law enforcement corps. What we need is a good police force and no

substitute. We must have a well-organized, well-structured police corps. The country is demanding this; resources must be allocated. What we need is the government's decision to guarantee all Venezuelans a friendly, trustworthy, efficient police force that will impose order and respect."

He said later that what is most dramatic is that the police are being privatized. "There is so much discussion of privatization, so many things to privatize in Venezuela. No matter what, I thought the last thing to be privatized would be the police."

According to the leader of the "green camp," if police units with very high morale are properly formed, well-trained, well-paid, and properly instructed, then the police officer will be a friend to the community, "a man the community will view as someone interested in contributing to the development of peace, tranquillity, and the security of all."

## * Business Sector Opposed to Draft Labor Law

*91SM0102A Caracas ZETA in Spanish 8-19 Nov 90 pp 16-18*

[Report by Alberto Nolia]

[Text] Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] has assumed a highly aggressive posture against the draft Organic Labor Law. Businessmen have presented their opinions in a number of documents, resulting in a direct confrontation with political and union sectors. ZETA has examined the reasons why owners are opposed to any change in the current labor code, or at least those envisioned in the so-called Caldera Bill.

Business owners belonging to Fedecamaras have waged a campaign against the proposed Organic Labor Law. Although the campaign has been hard-fought, intense, and much publicized, management's objections are little known. The reason for the lack of awareness is a failure to spell out and disseminate criticisms, which have not concentrated on specific articles or provisions but rather, on the law in general. The only objection known to the public has revolved around the irremovability of pregnant women and extension of prenatal and postnatal leave.

Fedecamaras has drafted several documents containing its objections to the bill. Most of the objections have not been disseminated because they were part of the process of discussion between drafters of the bill, congressmen who must pass it, and finally, the government, concerned over the possibility of extending to government employees the protection of the regular labor law rather than having them covered by the Administrative Career Law. ZETA includes a summary of Fedecamaras' main objections.

### Package and Law

The memorandum which Fedecamaras sent to political leaders and the government cites as its main objection the fact that the bill "does not fall within the guidelines of economic policy and consequently, if approved as drafted, it would become a serious obstacle to reorganization of the economy." The businessmen's opinion does correspond to the facts because while the bill contemplates certain aspects actually related to the current government's economic policies (productivity, free hiring, and so on), it cannot on the whole be considered as a kind of "labor package." Furthermore, the current economic policy is a policy of a specific administration rather than the Venezuelan Government, while labor legislation—at least this is the Venezuelan experience—is continuing and aimed at remaining in force for decades.

In the same document, Fedecamaras claims the bill envisions considerable economic burdens for the business sector without resulting in major benefits for workers. At the same time, businessmen do not believe they should have further burdens placed upon them before they solve their problems.

Fedecamaras believes the series of consultations and discussions on the law was unsuitable and that it was "gradually limited to a small circle of persons politically committed to the bill." Fedecamaras is right on this point also. Discussions between congressmen and business were very tense, though some say it was Fedecamaras itself that "rarified" the atmosphere by waging a campaign on television and in the press in opposition to the bill.

### Businessmen's Objections

Fedecamaras opposes including civil servants in protection provided by the Labor Law (Article 8). Objections by businessmen will apparently be accepted inasmuch as the CTV [Confederation of Venezuelan Workers] and the government are in agreement on excluding them and this will be reflected in Congress.

The liberal professions (lawyers, economists, and so on) are included in the Labor Law, while continuing to be covered by their respective codes. Fedecamaras considers this an added burden even though it does not extend to those performing occasional services. Salaries and other benefits which professionals receive qualify as professional fees.

### Increases by Order

Businessmen are opposed to having the law empower the president, through the Cabinet, to grant general wage increases. This is a power that has repeatedly been exercised, and the new legislation will allow any ordered increase exceeding 30 percent not to be computed as a wage when the time comes to calculate services. At the present time, as a result of a Supreme Court ruling, any periodic remuneration is interpreted as wages. At the

same time, the new law requires the president to consult with the National Economic Council, the Central Bank, and representatives of workers and businessmen before ordering the increase. At the present time, this power is not related to any such consultations.

Fedecamaras considers that Article 169 of the bill establishes wage indexing. What the text of the article states is that when the president deems that wages throughout the country or in a given region or activity are insufficient to "provide a decent and healthy living for the worker and his family" (the law does not define "decent" or "healthy"), he may summon a committee to study whether or not they should be increased.

**Vacations and Work Day**

The bill provides that overtime pay must be 50 percent higher and that night work must pay 30 percent more. It likewise states that holiday pay must include an extra 50 percent.

If the bill is passed, the regular work day will be eight hours, five days a week, with an additional four hour day, or it allows a nine hour day five days a week. Fedecamaras thinks such a schedule will reduce production. At the present time, the law permits a 48-hour work week.

The bill states that guards, whose work consists of their mere presence with no continuous effort expended, and security personnel are not to work over 11 hours a day.

The bill provides vacation time of 15 working days with pay for an additional seven. It also states that workers will have an extra day for every year of service up to a maximum of 15 as soon as the law takes effect.

**Maternity Benefits**

The bill prohibits employers from conducting physical examinations to determine whether potential employees are pregnant. It provides the irremovability of pregnant women during their pregnancy and for a year after delivery.

Prenatal leave is six weeks, but postnatal leave is doubled (12 weeks). Maternity leave involves a total of 18 weeks (4.5 months).

A female worker adopting a child under the age of three years will have ten weeks of leave. This benefit is not extended to the male worker. Fedecamaras believes these standards will reduce productivity, raise costs, and make it difficult for women—at least those of child-bearing age—to find work.

**Economic Benefits**

The bill maintains provisions of the Law Against Unjustified Dismissals practically unchanged. It includes with very few modifications the same justifications for dismissal as Article 31 of the existing Labor Law, although it adds that self-defense of the worker is justified if he is attacked by the employer. Fedecamaras deems this point to be legitimization of violence on the job.

The bill states that large companies (over 50 workers) must distribute 15 percent of their profits to the workers, with a limit of four months' wages. Companies with under one million bolivars in capital and up to 50 workers retain the current limit of two months. Fedecamaras deems this a new burden.

Compensation for layoffs is increased to two months when the worker has over five years of service. The current limit is one month no matter how long the worker has been with the company. In the new bill, advance notice pay is applicable even in the case of layoffs resulting from personnel cutbacks. Fedecamaras considers this an additional cost.

Fedecamaras also has objections to the bill's form and the system of strikes, the formation of unions, and the number of workers needed to form them. In general, the business sector's opposition to the draft Organic Labor Law has been very stiff, even though on paper and in the documents there is no real criticism of the substance of the law or its specific articles. Whatever the case, the opposition is purely academic inasmuch as there is a political consensus on its passage during this session of Congress. Time will tell whether or not the new legislation works.